CHAPTER 462A

HOUSING FINANCE AGENCY

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462A.001 MS 2006 [Renumbered 15.001]

GENERALLY

462A.01 CITATION.

Sections 462A.01 to 462A.34 shall be known as and may be cited as the "Minnesota Housing Finance Agency Law of 1971."

History: *1971 c 702 s 1; 1Sp2001 c 4 art 4 s 1*

462A.02 POLICY.

Subdivision 1. **Findings; housing shortage.** It is hereby found and declared that as a result of public actions involving highways, public facilities and urban renewal activities, and as a result of the spread of deteriorated housing and blight to formerly sound urban and rural neighborhoods, and as a result of the inability of private enterprise and investment to produce without public assistance a sufficient supply of decent, safe and sanitary residential dwellings at prices and rentals which persons and families of low and moderate income can afford, there exists within the state of Minnesota a serious shortage of decent, safe and sanitary housing at prices or rentals within the means of persons and families of low and moderate income.

Subd. 2. **Inimical; affects growth, prosperity.** It is further declared that this shortage of housing for low and moderate income families is inimical to the safety, health, morals and welfare of the residents of the state and to the sound growth and development of its communities. An adequate supply of housing of a variety of housing types serving persons and families of all income levels and properly planned and related to public transportation, public facilities, public utilities and sources of employment and service is essential to the orderly growth and prosperity of the state and its communities. Present patterns of providing housing unduly limit the housing options for many people in the state's urban centers, smaller communities and nonmetropolitan areas.

Subd. 3. **Negative patterns.** It is further declared that continuing present patterns of providing housing in the state will limit the ability of the private building industry and the investment industry to produce, without assistance, the needed construction of sanitary, decent and safe residential dwellings at prices or rentals which persons and families of low and moderate income can afford, will result in a failure to provide sufficient long-term mortgage financing for housing for low and moderate income families, and will not assure that additional housing will be provided in sufficient quantity in the areas of need and demand.

Subd. 4. **State program needed.** It is further declared that housing assistance programs provided by the federal government are inadequate both in the amount of housing given assistance and the number of dollars available for assistance and that it will not be possible to meet the housing needs of low and moderate income families in Minnesota without state action to supplement federal programs. The legislature also finds that the provision of additional federal resources to assist in the reduction of housing costs for low and moderate income families is dependent upon the state of Minnesota providing administrative capability and a state housing finance program to add to and more effectively utilize federal funds. It is further declared that the provision of an adequate supply of housing for low and moderate income families has been greatly restricted by the rapidly increasing costs of financing housing and that providing an adequate supply of

housing to meet the needs of low and moderate income families will not be possible until and unless the cost of mortgage financing for housing for low and moderate income families is reduced by state action.

Subd. 5. **Agency is for public purpose.** It is further declared that in establishing a Minnesota housing finance agency, the legislature is acting in all respects for the benefit of the people of the state of Minnesota to serve a public purpose in improving and otherwise promoting their health, welfare and prosperity and that the Minnesota housing finance agency, as created and established, is empowered to act on the behalf of the people of the state of Minnesota in serving this public purpose for the benefit of the general public.

Subd. 6. **Meeting need is a public purpose.** It is further declared that it is a valid public purpose to construct housing for low and moderate income families who would otherwise be unable to obtain adequate housing at prices or rentals they could afford, to encourage such construction in the areas of need and demand with a reasonable balance between nonmetropolitan and metropolitan areas of the state, and to assist in the elimination of substandard housing conditions and to prevent the recurrence of such conditions by housing persons of varied economic means and a wide range of incomes in the same developments and neighborhoods properly planned and related to public facilities and sources of employment and services and to provide the necessary powers to accomplish these public purposes.

Subd. 7. **Cooperation and coordination with federal government.** It is further declared that housing assistance programs provided by the federal government frequently require cooperation by or coordination with an agency of state government and that the availability of particular housing assistance programs of the federal government may depend upon the existence of an agency in state government with the authority and capacity to coordinate and administer such federal housing assistance programs.

Subd. 8. **Rehabilitation.** It is further found and declared that many residential dwellings occupied by persons and families of low and moderate income do not conform to building, housing maintenance, fire, health or other state, county and city codes and standards applicable to housing; that many have a market value substantially below the market value that they would have if rehabilitated; that many are substantially less desirable to live in than they would be if rehabilitated; that many are substantially defective or are inadequate for the number of persons occupying them; that many are uninsurable because of fire risks; that many owners of such dwellings cannot afford to make the needed repairs and improvements without expending more than a reasonable portion of their income for housing, and some are unable to afford any additional amount for housing; and that existing private and public means of enterprise and investment cannot provide financing or assistance on terms and conditions within the means of many such owners. These conditions are adverse to the safety, health, and welfare of the citizens of the state, and contrary to the public policy of preventing and eliminating blight in urban and rural areas. The rehabilitation of such housing is more economical and less disruptive than replacement and the relocation of the occupants. It is therefore a valid public purpose for the state to preserve and promote the safety, health, and welfare of its citizens by exercise of the powers granted to the Minnesota housing finance agency in this chapter.

Subd. 9. **Special needs residential care.** It is further declared that the health, welfare, and personal interests of persons who are mentally ill, developmentally disabled, physically disabled, and drug dependent citizens of Minnesota and who are or may be in need of residential care are better served through the development of a comprehensive, community-based system of treatment and care which requires the availability of adequate financing for the construction, renovation, or rehabilitation of residential care facilities as well as sufficient funds for their operational start-up costs.

Subd. 10. **Energy conservation, decarbonization, and climate resilience.** It is further declared that supplies of conventional energy resources are rapidly depleting in quantity and rising in price and that the burden of these occurrences falls heavily upon the citizens of Minnesota generally and persons of low and

moderate income in particular. These conditions are adverse to the health, welfare, and safety of all of the citizens of this state. It is further declared that it is a public purpose to ensure the availability of financing to be used by all citizens of the state, while giving preference to low and moderate income people, to assist in the installation in their dwellings of reasonably priced energy conserving systems including the use of alternative energy resources and equipment so that by the improvement of the energy efficiency, clean energy, greenhouse gas emissions reduction, climate resiliency, and other qualified projects for all housing, the adequacy of the total energy supply may be preserved for the benefit of all citizens.

Subd. 11. **Long-term affordability.** It is further declared that it is in the best interests of the citizens of the state of Minnesota that public money used for the purposes of this chapter be used in a manner that best assures the long-term affordability of housing to low- and moderate-income citizens. To achieve that public purpose, the agency shall consider, in the making of grants and loans and other uses of agency resources, the degree to which such grants, loans, and other uses will assure the long-term affordability of the housing, by use of the community land trust model or other techniques.

History: *1971 c 702 s 2; 1973 c 515 s 1; 1974 c 441 s 1-3; 1976 c 218 s 1; Ex1979 c 2 s 44; 1982 c 581 s 24; 1983 c 301 s 203; 1991 c 287 s 4; 2002 c 221 s 44; 2005 c 56 s 1; 2012 c 288 s 12; 2024 c 127 art 15 s 3*

462A.03 DEFINITIONS.

Subdivision 1. **Application.** For the purpose of this chapter, the terms defined in this section have the meanings ascribed to them.

Subd. 2. **Development costs.** "Development costs" means the costs approved by the agency as appropriate expenditures which may be incurred by sponsors of land development for residential housing or of residential housing, within this state, prior to commitment and initial advance of the proceeds of an eligible construction loan, or eligible mortgage, and for which temporary loans from the housing development fund may be made by the agency subject to the provisions of section 462A.05, subdivision 5, including but not limited to:

(1) payments for options to purchase properties on the proposed residential housing site, deposits on contracts of purchase, or, with prior approval of the agency, payments for the purchase of such properties;

(2) legal and organizational expenses, including payments of attorneys' fees, project manager and clerical staff salaries, office rent and other incidental expenses;

(3) payment of fees for preliminary feasibility studies, advances for planning, engineering and architectural work;

(4) expenses for tenant surveys and market analyses; and

(5) necessary application and other fees.

Subd. 3. **Federally insured construction loan.** "Federally insured construction loan" means a construction loan for residential housing which is insured by the United States or an instrumentality thereof, or by a commitment by the United States or an instrumentality thereof to insure such a loan or to make mortgage insurance available for a residential housing project upon the completion thereof in accordance with federal law and regulations.

Subd. 4. **Federally insured mortgage.** "Federally insured mortgage" means a mortgage loan for residential housing which is insured or guaranteed by the United States or an instrumentality thereof, or by a commitment by the United States or an instrumentality thereof to insure such a mortgage.

Subd. 5. **Federally insured security.** "Federally insured security" means an evidence of indebtedness insured or guaranteed as to repayment of principal and interest by the United States or an instrumentality thereof.

Subd. 6. **Agency.** "Agency" means the Minnesota Housing Finance Agency created by this chapter.

Subd. 7. **Residential housing.** "Residential housing" means a specific work or improvement within this state undertaken primarily to provide residential care facilities for mentally ill, developmentally disabled, physically disabled, and drug dependent persons licensed or potentially eligible for licensure under rules promulgated by the commissioner of human services, or to provide dwelling accommodations or manufactured home parks for persons and families of low and moderate income and for other persons and families when determined to be necessary in furtherance of the policy of economic integration stated in section 462A.02, subdivision 6, including land development and the acquisition, construction or rehabilitation of buildings and improvements thereto, for residential housing, and such other nonhousing facilities as may be incidental or appurtenant thereto.

Subd. 8. **Land development.** "Land development" means the process of acquiring land for residential housing construction, and of making, installing, or constructing nonresidential housing improvements, including waterlines and water supply installations, sewer lines and sewage disposal installations, steam, gas and electric lines and installations, roads, streets, curbs, gutters, sidewalks, whether on or off the site, which the agency deems necessary or desirable to prepare such land for residential housing construction within this state.

Subd. 9. **Housing development fund.** "Housing development fund" means the fund established by section 462A.20. "Bond fund" means any fund or funds established by the agency for the disposition of the proceeds of its bonds or notes issued as authorized in sections 462A.08 to 462A.17 and any debt service reserve fund established for the security of bonds or notes pursuant to section 462A.22.

Subd. 10. **Persons and families of low and moderate income.** "Persons and families of low and moderate income" means persons and families, irrespective of race, creed, national origin, sex, or status with respect to guardianship or conservatorship, determined by the agency to require such assistance as is made available by this chapter on account of personal or family income not sufficient to afford adequate housing. In making such determination the agency shall take into account the following: (a) The amount of the total income of such persons and families available for housing needs, (b) the size of the family, (c) the cost and condition of housing facilities available, (d) the eligibility of such persons and families to compete successfully in the normal housing market and to pay the amounts at which private enterprise is providing sanitary, decent and safe housing. In the case of federally subsidized mortgages with respect to which income limits have been established by any agency of the federal government having jurisdiction thereover for the purpose of defining eligibility of low and moderate income families, the limits so established shall govern under the provisions of this chapter. In all other cases income limits for the purpose of defining low or moderate income persons shall be established by the agency by rules.

Subd. 11. **Eligible loan.** "Eligible loan" means any mortgage loan, construction loan, rehabilitation loan, or other loan, whether or not federally insured, granted by the agency to an eligible mortgagor.

Subd. 12. **Eligible security.** "Eligible security" means any security payable from or evidencing an interest in mortgages, all or a portion of which secure loans financing residential housing.

Subd. 13. **Eligible mortgagor.** "Eligible mortgagor" means a nonprofit or cooperative housing corporation; the Department of Administration for the purpose of developing community-based programs as defined in section 246C.11; a limited profit entity or a builder as defined by the agency in its rules, which

sponsors or constructs residential housing as defined in subdivision 7; or a natural person of low or moderate income, except that the return to a limited dividend entity shall not exceed 15 percent of the capital contribution of the investors or such lesser percentage as the agency shall establish in its rules, provided that residual receipts funds of a limited dividend entity may be used for agency-approved, housing-related investments owned by the limited dividend entity without regard to the limitation on returns. Owners of existing residential housing occupied by renters shall be eligible for rehabilitation loans, only if, as a condition to the issuance of the loan, the owner agrees to conditions established by the agency in its rules relating to rental or other matters that will ensure that the housing will be occupied by persons and families of low or moderate income. The agency shall require by rules that the owner give preference to those persons of low or moderate income who occupied the residential housing at the time of application for the loan.

Subd. 14. **Federal housing assistance supplements.** "Federal housing assistance supplements" means all funds or certificates of tax credit or exemption, including mortgage credit certificates, or low-income housing credits, made available to the state of Minnesota by the federal government or any agency or instrumentality thereof for the purpose of assisting in providing adequate and economic housing in the state of Minnesota.

Subd. 15. **Rehabilitation.** "Rehabilitation" means the repair, reconstruction, or improvement of existing residential housing with the object of making such residential housing decent, safe, sanitary and more desirable to live in, of greater market value or in conformance with state, county, or city health, housing, building, fire prevention, and housing maintenance codes, and lead and other public standards applicable to housing, as determined by the agency.

Subd. 16. **Mentally ill person.** "Mentally ill person" means a person with a mental illness, an adult with an acute mental illness, or a person with a serious and persistent mental illness, as prescribed by section 245.462, subdivision 20.

Subd. 17. **Developmentally disabled person.** "Developmentally disabled person" shall have the meaning prescribed by section 253B.02, subdivision 17b.

Subd. 18. **Drug dependent person.** "Drug dependent person" shall have the meaning prescribed by section 254A.02, subdivision 5.

Subd. 19. **Residential care facility.** "Residential care facility" means a living unit established primarily for the accommodation and treatment of persons who are mentally ill, developmentally disabled, physically disabled, and drug dependent.

Subd. 20. **American Indian.** "American Indian" means a person who is a member of an Indian Tribe, as the terms "Indian," "Indian Tribe," and "Tribal organization" are defined in United States Code, title 25, section 450b.

Subd. 21. **City.** "City" has the meaning given in section 462C.02, subdivision 6.

Subd. 22. **Nonprofit organization.** "Nonprofit organization" means a housing and redevelopment authority established under sections 469.001 to 469.047, or other law, or a partnership, joint venture, corporation, or association which is established for a purpose not involving pecuniary gain to the members, partners, or shareholders; pays no dividends or other pecuniary remuneration to the members, partners, or shareholders; and in the case of a private nonprofit corporation, is established under chapter 317A and is in compliance with chapter 317A. A nonprofit organization does not include a limited dividend entity.

Subd. 23. **Metropolitan area.** "Metropolitan area" has the meaning given in section 473.121, subdivision 2.

History: *1971 c 702 s 3; 1973 c 501 s 15; 1973 c 515 s 2-10; 1974 c 441 s 4-6; 1976 c 218 s 2-6; 1976 c 254 s 1; 1977 c 401 s 2,3; 1981 c 306 s 3; 1982 c 581 s 24; 1983 c 185 s 1; 1984 c 640 s 32; 1984 c 654 art 5 s 58; 1Sp1985 c 13 s 333; 1986 c 465 art 2 s 10; 1987 c 350 s 1; 1988 c 542 s 1; 1989 c 270 s 1; 1989 c 328 art 1 s 3; 1991 c 292 art 6 s 52; art 9 s 15-18; 1992 c 522 s 24; 1Sp1993 c 1 art 9 s 74; 1997 c 7 art 5 s 36; 1Sp2001 c 4 art 4 s 2-5; 2002 c 221 s 45; 1Sp2003 c 14 art 6 s 67; 2004 c 263 s 19; 2005 c 56 s 1; 2013 c 59 art 2 s 16; 1Sp2020 c 2 art 6 s 123; 2022 c 55 art 3 s 1; 2024 c 79 art 10 s 2*

462A.04 HOUSING FINANCE AGENCY.

Subdivision 1. **Creation; members.** There is created a public body corporate and politic to be known as the "Minnesota Housing Finance Agency," which shall perform the governmental functions and exercise the sovereign powers delegated to it in this chapter in furtherance of the public policies and purposes declared in section 462A.02. The agency shall consist of the state auditor and six public members appointed by the governor with advice and consent of the senate. No more than three public members shall reside in the area of jurisdiction of the Metropolitan Council as provided in section 473.123, subdivision 1, and no more than one public member shall reside in any one of the development regions established under the provisions of sections 462.381 to 462.396. Each member shall hold office until a successor has been appointed and has qualified. A certificate of appointment or reappointment of any member shall be conclusive evidence of the due and proper appointment of the member.

Subd. 1a. **Section 15.0575 for public members.** The membership terms, compensation, removal of members, and filling of vacancies for the public members on the agency shall be as provided in section 15.0575.

Subd. 2. MS 1974 [Repealed, 1976 c 134 s 79]

Subd. 3. MS 1974 [Repealed, 1976 c 134 s 79]

Subd. 4. **Chairs.** The chair of the board of directors shall be designated by the governor from among the public members appointed.

Subd. 5. MS 1974 [Repealed, 1976 c 134 s 79]

Subd. 6. **Management, control.** The management and control of the agency shall be vested solely in the members in accordance with the provisions of this chapter.

Subd. 7. **Powers; quorum; voting majority.** The powers of the agency shall be vested in the members thereof in office from time to time and a majority of the members of the agency constitutes a quorum for the purpose of conducting its business and exercising its powers and for all other purposes, notwithstanding the existence of any vacancies. Action may be taken by the agency upon a vote of a majority of the members present.

Subd. 8. **Commissioner; complement.** (a) The agency shall be under the administrative control of a commissioner which office is established. The commissioner shall be appointed by the governor under the provisions of section 15.06.

(b) The commissioner may appoint a deputy director. The commissioner may further appoint such permanent and temporary employees as the commissioner deems necessary subject to the approval of the commissioner of management and budget. All permanent employees of the agency, except the commissioner,

deputy director, and additional positions established pursuant to section 43A.08, subdivision 1a, are in the classified civil service. Notwithstanding any other provision of law to the contrary, any approved complement established by law for the agency shall not be reduced as a result of vacancies in approved positions. No additional deputy commissioner positions may be created.

Subd. 8a. **Increased complement.** The approved complement of the Minnesota Housing Finance Agency may be increased up to three unclassified positions for the purposes of Laws 1979, chapter 306, sections 1 to 16.

Subd. 9. **No debt liability.** The members and officers of the agency shall not be liable personally, either jointly or severally, for any debt or obligation created or incurred by the agency.

History: *1971 c 702 s 4; 1973 c 35 s 74; 1974 c 441 s 7; 1976 c 134 s 73,74; 1976 c 254 s 2; 1977 c 305 s 42; 1977 c 347 s 59; 1979 c 306 s 15; 1980 c 617 s 47; 1981 c 306 s 4; 1981 c 356 s 248; 1982 c 560 s 58; 1983 c 289 s 115 subd 1; 1986 c 444; 1987 c 312 art 1 s 26 subd 2; 1987 c 384 art 2 s 97; 1Sp2001 c 4 art 4 s 6; 1Sp2003 c 4 s 1; 2004 c 206 s 50,51; 2008 c 204 s 42; 2009 c 101 art 2 s 109*

462A.041 MEETINGS BY INTERACTIVE TECHNOLOGY.

(a) For the purposes of this section, "interactive technology" has the meaning in section 13D.001, subdivision 2.

(b) The Housing Finance Agency may conduct a meeting of its members by interactive technology so long as the following conditions are met:

(1) all members of the agency participating in the meeting, wherever their physical location, can hear one another and can hear all discussion and testimony;

(2) members of the public present at the regular meeting location of the agency can hear all discussion and testimony and all votes of members of the agency;

(3) at least one member of the agency, the commissioner, the deputy commissioner, or an attorney for the agency is physically present at the regular meeting location; and

(4) all votes are conducted by roll call, so each member's vote on each issue can be identified and recorded.

(c) Each member of the agency participating in a meeting by interactive technology is considered present at the meeting for purposes of determining a quorum and participating in all proceedings.

(d) If interactive technology is used to conduct a meeting, the agency to the extent practical, shall allow a person to monitor the meeting electronically from a remote location. Meetings must be made available on a website for live video streaming and be archived on a website for playback at a later time.

(e) If interactive technology is used to conduct a regular, special, or emergency meeting, the agency shall provide notice of the regular meeting location, of the fact that some members may participate by interactive technology, and of the provisions of paragraph (d). The timing and method of providing notice is governed by section 13D.04.

History: *1997 c 154 s 4; 2026 c 100 art 3 s 4*

POWERS AND DUTIES

462A.05 SPECIFIC POWERS OF THE AGENCY.

Subdivision 1. **Application.** The agency shall have the specific powers and duties set forth in this section.

Subd. 2. **Residential construction loans.** It may make or participate in the making of eligible construction loans to sponsors or builders of residential housing for occupancy by persons or families of low and moderate income. Such loans shall be made only upon determination by the agency that construction loans are not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions.

Subd. 2a. **Multiunit residential housing grants.** It may make grants to sponsors or builders of multiunit residential housing for occupancy by persons and families of low and moderate income. The grants shall only be made for the construction or rehabilitation of three bedroom apartment units or townhouse units of four bedrooms or more for large low and moderate income families. No grant shall exceed the amount of $5,000 per unit. In making grants, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion thereof will be repaid and shall determine the appropriate security should repayment be required.

Subd. 3. **Long-term residential housing mortgage loans.** It may agree to purchase, make, or otherwise participate in the making and enter into commitments for the purchase, making, or participation in the making of long-term eligible mortgage loans to sponsors of residential housing for occupancy by persons and families of low and moderate income, or to persons and families of low and moderate income who may purchase residential housing. The loans shall be made only upon determination by the agency that long-term mortgage loans are not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions. In establishing maximum mortgage amounts and maximum purchase prices for single family dwellings, the agency shall take into account housing cost differences in the regions of the state.

Subd. 3a. **Refinancing; residential housing.** It may refinance the existing indebtedness of owners of rental property, secured by residential housing for occupancy by persons and families of low and moderate income, if refinancing is determined by the agency to be necessary to reduce housing costs to an affordable level or to maintain the supply of affordable low-income housing. The authority granted in this subdivision is in addition to and not in limitation of the authority granted in section 462A.05, subdivision 14.

Subd. 3b. **Refinancing mortgages.** The agency may make loans to refinance the existing indebtedness, of owners of rental property, secured by federally assisted housing for the purpose of obtaining agreement of the owner to participate in the federally assisted rental housing program and to extend any existing low-income affordability restrictions on the housing for the maximum term permitted. For purposes of this subdivision, "federally assisted rental housing" includes housing that is:

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

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

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

Subd. 3c. **Refinancing; long-term mortgages.** It may agree to purchase, make, or otherwise participate in the making and enter into commitments for the purchase, making, or participation in the making of long-term mortgage loans to persons and families of low and moderate income to refinance a long-term

mortgage or other financing secured by the residential housing occupied by the owner of the property. The loans shall be made only upon determination by the agency that long-term mortgage loans are not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions.

Subd. 4. **Purchase of financial instruments.** It may purchase and enter into commitments for the purchase of eligible securities, certificates of deposit, time deposits, or existing mortgage loans from banks, savings associations, insurance companies, or other financial intermediaries, provided that the agency shall first determine that all or a portion of the proceeds of such instruments will be utilized to make loans for residential housing as defined in section 462A.03, subdivision 7, or all or a portion of the instruments are backed by or otherwise evidence an interest in existing mortgages securing mortgage loans to finance residential housing. In the case of eligible securities backed by existing mortgages, the proceeds must be used in whole or in part either for making loans for residential housing or for preserving the use of existing residential housing by persons and families of low and moderate income.

Subd. 5. **Temporary loans from housing development fund.** It may make temporary loans solely to "nonprofit" or "cooperative housing" sponsors as defined by the agency, with or without interest, and with such security for repayment, if any, as the agency determines reasonably necessary and practicable, solely from the housing development fund, in accordance with the provisions of section 462A.21, to defray development costs to sponsors of residential housing construction for occupancy by persons and families of low and moderate income which development costs are eligible or potentially eligible for construction loans or mortgages.

Subd. 6. **Accepting funds.** It may accept appropriations, gifts, grants, bequests and devises, and utilize or dispose of the same to carry out its corporate purpose.

Subd. 7. **Contractual instruments.** It may make and execute contracts, releases, compromises, compositions and other instruments necessary or convenient for the exercise of its powers, or to carry out its corporate purpose.

Subd. 8. **Service charges.** (a) It may collect reasonable interest, fees, and charges in connection with making and servicing its loans, notes, bonds, obligations, commitments and other evidences of indebtedness, and in connection with providing technical, consultative and project assistance services. Such interest, fees and charges shall be limited to the amounts required to pay the costs of the agency, including operating and administrative expenses, and reasonable allowances for losses which may be incurred.

(b) Notwithstanding section 16B.98, subdivision 14, or any other law to the contrary, the agency may not retain any portion of any amount appropriated to the agency, unless the aggregated earnings from investments of state appropriations are insufficient to pay the costs and expenses necessary and incidental to the development and operation of programs funded by state appropriations. Retentions from state appropriations may not exceed the amount by which the costs and expenses necessary and incidental to the development and operation of state programs exceed the aggregated earnings from investments of state appropriations. Prior to retaining any portion of an appropriation to the agency, the agency must notify the chairs and ranking minority members of the legislative committees having jurisdiction over housing finance and policy. This paragraph expires June 30, 2028.

Subd. 9. **Investment of funds.** It may invest any funds not required for immediate disbursement in accordance with the provisions of section 462A.18, subdivision 2.

Subd. 10. **Sale to federal agencies.** It may sell eligible loans or eligible securities to the Federal National Mortgage Association or any other agency or instrumentality of the United States, and may invest in the

capital stock issued by said association or other agency or instrumentality to the extent, if any, required as a condition of such sale.

Subd. 11. **Federal housing assistance supplements.** It may receive federal housing assistance supplements; may administer and distribute said supplements in accordance with the applicable provisions of federal law or regulations governing the administration and distribution of said supplements; and may make and publish such rules as are necessary to enable it to receive, administer, and distribute said supplements in accordance with said federal laws and regulations.

Subd. 12. **Establishment of funds.** It may, from time to time, establish such funds as may be needed in order to receive, administer, and distribute federal housing assistance supplements. All federal housing assistance supplement funds received by the agency are hereby appropriated to the agency.

Subd. 12a. **Mortgage certificate programs.** It may participate in qualified mortgage certificate programs as provided by section 25 of the Internal Revenue Code of 1954, as amended through December 31, 1984.

Subd. 13. **Preference.** In carrying out the policies and purposes declared in section 462A.02, the agency shall prefer those housing projects which are federally subsidized and those loans which are federally insured or guaranteed, to the extent that the agency finds such projects and loans to be available at the times and in the amounts needed to meet the shortage of residential housing for persons and families of low and moderate income.

Subd. 14. **Rehabilitation loans.** It may agree to purchase, make, or otherwise participate in the making, and may enter into commitments for the purchase, making, or participation in the making, of eligible loans for rehabilitation, with terms and conditions as the agency deems advisable, to persons and families of low and moderate income, and to owners of existing residential housing for occupancy by such persons and families, for the rehabilitation of existing residential housing owned by them. Rehabilitation may include the addition or rehabilitation of a detached accessory dwelling unit. The loans may be insured or uninsured and may be made with security, or may be unsecured, as the agency deems advisable. The loans may be in addition to or in combination with long-term eligible mortgage loans under subdivision 3. They may be made in amounts sufficient to refinance existing indebtedness secured by the property, if refinancing is determined by the agency to be necessary to permit the owner to meet the owner's housing cost without expending an unreasonable portion of the owner's income thereon. No loan for rehabilitation shall be made unless the agency determines that the loan will be used primarily to make the housing more desirable to live in, to increase the market value of the housing, for compliance with state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing, or to accomplish energy conservation, decarbonization, climate resiliency, and other qualified projects. In unincorporated areas and municipalities not having codes and standards, the agency may, solely for the purpose of administering the provisions of this chapter, establish codes and standards. No loan under this subdivision for the rehabilitation of owner-occupied housing shall be denied solely because the loan will not be used for placing the owner-occupied residential housing in full compliance with all state, county, or municipal building, housing maintenance, fire, health, or similar codes and standards applicable to housing. Rehabilitation loans shall be made only when the agency determines that financing is not otherwise available, in whole or in part, from private lenders upon equivalent terms and conditions. Accessibility rehabilitation loans authorized under this subdivision may be made to eligible persons and families without limitations relating to the maximum incomes of the borrowers if:

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

(2) home care is appropriate; and

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

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

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

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

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

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

Subd. 14c. **Neighborhood preservation.** It may agree or enter commitments to purchase, make, or participate in making loans described in subdivision 14 for programs approved by the agency for the preservation of designated neighborhoods. To achieve the policy of economic integration stated in section

462A.02, subdivision 6, the programs may authorize loans to borrowers having ownership interests in properties in the neighborhood who are not eligible mortgagors as defined in section 462A.03, subdivision 13. The aggregate original principal balances of noneligible mortgagor loans in a neighborhood benefiting from financing under this subdivision must not exceed 25 percent of the total amount of neighborhood preservation loan funds allocated to the neighborhood under the program.

Subd. 14d. **Accessibility loan program.** Rehabilitation loans authorized under subdivision 14 may be made to eligible persons and households without limitations relating to the maximum incomes of the borrowers.

A person or household is eligible to receive an accessibility loan under the following conditions:

(1) the borrower or an individual residing in the borrower's home has a permanent physical or mental condition that substantially limits one or more major life activities; and

(2) the improvement to the housing will assist the borrower or a member of the borrower's household in residing in the housing.

Subd. 14e. **Purchase-rehabilitation loans.** The agency may agree and enter into commitments to purchase, make, or otherwise participate in making loans to persons or families, without limitations relating to the maximum incomes of the borrowers, for the purchase and rehabilitation of existing owner-occupied residential housing, as provided under subdivision 14.

Subd. 15. **Rehabilitation grants.** (a) It may make grants to persons and families of low and moderate income to pay or to assist in paying a loan made pursuant to subdivision 14, or to rehabilitate or to assist in rehabilitating existing residential housing owned or occupied by such persons or families. For the purposes of this section, persons of low and moderate income include administrators appointed pursuant to section 504B.425, paragraph (d). No grant shall be made unless the agency determines that the grant will be used primarily to make the housing more desirable to live in, to increase the market value of the housing or for compliance with state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing, or to accomplish energy conservation, decarbonization, climate resiliency, or other qualified projects. In unincorporated areas and municipalities not having codes and standards, the agency may, solely for the purpose of administering this provision, establish codes and standards. No grant for rehabilitation of owner occupied residential housing shall be denied solely because the grant will not be used for placing the residential housing in full compliance with all state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing. The amount of any grant shall not exceed the lesser of (a) $6,000, or (b) the actual cost of the work performed, or (c) that portion of the cost of rehabilitation which the agency determines cannot otherwise be paid by the person or family without spending an unreasonable portion of the income of the person or family thereon. In making grants, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion thereof will be repaid and shall determine the appropriate security should repayment be required.

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

Subd. 15a. **Accessibility grants.** It may make grants or loans to persons and families of low and moderate income to improve the accessibility of existing residential housing for disabled occupants, or to assist in paying a loan made pursuant to subdivision 14 to improve the accessibility of existing residential housing for disabled occupants. The amount of an accessibility grant or loan must not exceed the lesser of the actual cost of the work performed or the part of the cost of rehabilitation the agency determines cannot otherwise be paid by the person or family without spending an unreasonable portion of the income of the person or

family on it, based upon the cost of the improvements and other appropriate factors including extraordinary medical expenses. Grants or loans made pursuant to this section may include the payment of money for technical assistance for the design and construction of accessibility improvements. In making grants or loans under this subdivision, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion thereof will be repaid and shall determine the appropriate security should repayment be required. The agency may gather data on available accessible housing financed under this program and make the information available to interested individuals and groups.

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

(b) To be eligible for an emergency energy conservation, decarbonization, and climate resiliency grant, a household must be certified as eligible to receive emergency residential heating assistance under either the federal or the state program, and either (1) have had a heating cost for the preceding heating season that exceeded 120 percent of the regional average for the preceding heating season for that energy source as determined by the commissioner of employment and economic development, or (2) be eligible to receive a federal energy conservation grant, but be precluded from receiving the grant because of a need for directly related repairs that cannot be paid for under the federal program. The Housing Finance Agency shall make a reasonable effort to determine whether other state or federal loan and grant programs are available and adequate to finance the intended improvements. An emergency energy conservation grant may be made in conjunction with grants or loans from other state or federal programs that finance other needed rehabilitation work. The receipt of a grant pursuant to this section shall not affect the applicant's eligibility for other Housing Finance Agency loan or grant programs.

Subd. 15c. **Residential lead abatement.** (a) It may make or purchase loans or grants for the abatement of hazardous levels of lead paint in residential buildings and lead-contaminated soil on the property of residential buildings occupied by low- and moderate-income persons. Hazardous levels are as determined by the Department of Health or the Pollution Control Agency. The agency must establish criteria for a residential lead paint and lead-contaminated soil abatement program, including the terms of loans and grants under this section, a maximum amount for loans or grants, eligible borrowers or grantees, eligible contractors, and eligible buildings. The agency may make grants to cities, local units of government, registered lead abatement contractors, and nonprofit organizations for the purpose of administering a residential lead paint and contaminated lead soil abatement program. The agency must establish standards for the relocation of families where necessary and the payment of relocation expenses. To the extent possible, the agency must coordinate loans and grants under this section with existing housing programs.

The agency, in consultation with the Department of Health, must report to the legislature by January 1996 on the costs and benefits of subsidized lead abatement and the extent of the childhood lead exposure problem. The agency must review the effectiveness of its existing loan and grant programs in providing funds for residential lead abatement and report to the legislature with examples, case studies and recommendations.

(b) The agency may also make grants to eligible organizations, as defined in section 144.9512, subdivision 1, for the purposes of section 144.9512.

Subd. 16. **Payments for structural defects.** (a) It may make payments or expenditures from the housing development fund to persons of low or moderate income, who are recipients of an eligible loan as defined in section 462A.03, subdivision 11, or who have purchased residential housing from a recipient of such eligible loan, and who are owners and occupants of residential housing constructed or rehabilitated under this chapter, when, in the agency's determination, such residential housing contains defects or omissions which affect the structural soundness, or the use and the livability of such housing, including but not limited to defects or omissions in materials, hardware, fixtures, design, workmanship and landscaping of whatever kind and nature incorporated in said housing and which are covered by an agency approved warranty, for the purposes of (i) correcting such defects, or (ii) paying the claims of the owner arising from such defects, provided, that this authority shall exist only if the owner has requested assistance from the agency not later than four years after the issuance of the eligible loan, or where such residential housing was rehabilitated under this chapter only if the owner has requested assistance from the agency not later than two years after the issuance of the eligible loan.

(b) If such owner elects to receive payments or expenditures pursuant to this section, the agency is subrogated to the right of such owner to recover damages against any party or persons reasonably calculated to be responsible for such damages.

(c) The agency may require from the seller of such residential housing, or the contractor responsible for the construction or rehabilitation of such housing, an agreement to reimburse the agency for any payments and expenditures made pursuant to this subdivision with respect to such residential housing.

Subd. 17. **Conventional loans.** The agency may make conventional loans, as defined in and in accordance with the conditions and limitations prescribed in section 47.20. Notwithstanding section 47.20, conventional loans owned by the agency on May 30, 1981 or thereafter made or purchased may contain provisions which limit, condition, or prohibit assumption of the loans.

Subd. 18. **Loans to nonprofit sponsors.** (a) It may make loans to "nonprofit" sponsors as defined by the agency, with or without interest, and with such security for repayment, if any, as the agency determines reasonably necessary and practicable, solely from the housing development fund in accordance with the provisions of section 462A.21, subdivision 9, to encourage innovations in the development or rehabilitation of single and multifamily residential housing. It may make loans to for-profit sponsors pursuant to this subdivision, provided that the agency shall make the loan with interest at a rate determined by the agency.

(b) It shall promulgate rules, in accordance with chapter 14, relating to the administration of the loans authorized by this subdivision. The rules may define types of projects eligible for loans, criteria for selecting between eligible loans, terms of the loans including interest rates and loan periods, and other characteristics that the agency deems necessary to administer the program.

Subd. 18a. **Innovative housing loans.** (a) The agency may make loans, with or without interest, and with security for repayment, if any, the agency determines reasonably necessary and practicable, for the financing of innovative housing as described in this section.

(b) The housing shall be cooperative or rental multifamily housing which is designed to provide long-term affordability and which is either owned and operated on a nonprofit cooperative basis by the residents, or owned by a limited-dividend entity and operated by a residents association.

(c) Occupancy shall be restricted to persons and families of low and moderate income as defined in section 462A.03, subdivision 10; provided that the agency shall give priority to proposals that will provide housing to persons and families whose income is 50 percent or less of the statewide median family income, as estimated by the United States Department of Housing and Urban Development.

(d) A democratic residents association shall have substantial control over the operation and management of the housing and over the filling of housing unit vacancies.

(e) A training and education program shall be developed by the loan recipient and made available to residents to help them organize and operate the residents association, understand their legal rights and financial interests regarding the property, and manage and maintain the property. The agency shall ensure that a training and education program has been developed prior to approving any loan under this section.

Subd. 19. **Loans to veterans.** It may make no interest loans of up to $4,000 to persons and families of low and moderate income who are veterans or veterans' dependents to assist in making down payments to enable them to purchase new or existing housing to be used as their principal place of residence. To be eligible, the veterans or veteran's dependent must be a first time home owner, and must enter into an agreement with the agency, with appropriate security as determined by the agency, to repay the loan amount in full when the property is sold, transferred, or otherwise conveyed, or ceases to be the recipient's principal place of residence. For the purpose of this subdivision, "veteran" means a person residing in Minnesota who has been separated under honorable conditions from any branch of the armed forces of the United States after having served on active duty for 181 consecutive days or by reason of disability incurred while serving on active duty, and who served at any time during the period from August 5, 1964 to May 7, 1975; and "veteran's dependent" means a person residing in Minnesota who is the unmarried surviving spouse of a veteran.

Subd. 20. MS 1996 [Repealed, 1997 c 200 art 4 s 23]

Subd. 20a. **Special needs housing for adults with substance use disorder.** (a) The agency may make loans or grants to for-profit, limited-dividend, or nonprofit sponsors, as defined by the agency, for residential housing to be used to provide housing to low- and moderate-income persons who are adults with chronic substance use disorder.

(b) Housing for adults with chronic substance use disorder must satisfy the following conditions:

(1) be certified by the Department of Health or the city as a board and lodging facility or single residence occupancy housing;

(2) meet all applicable health, building, fire safety, and zoning requirements;

(3) be located in an area significantly distant from the present location of county detoxification service sites;

(4) make available the services of trained personnel to appraise each client before or upon admission and to provide information about medical, job training, and substance use disorder services as necessary;

(5) provide on-site security designed to assure the health and safety of clients, staff, and neighborhood residents; and

(6) operate with the guidance of a neighborhood-based board.

Priority for loans and grants made under this paragraph must be given to proposals that address the needs of the Native American population and veterans of military services for this type of housing.

(c) Loans or grants pursuant to this subdivision must not be used for facilities that provide housing available for occupancy on less than a 24-hour continuous basis. To the extent possible, a sponsor shall combine the loan or grant with other funds obtained from public and private sources. In making loans or grants, the agency shall determine the circumstances, terms, and conditions under which all or any portion of the loan or grant will be repaid and the appropriate security should repayment be required.

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

Subd. 22. **Loans to financial institutions.** It may make or participate in the making and enter into commitments for the making of loans to any banking institution, savings association, or other lender approved by the members, organized under the laws of this or any other state or of the United States having an office in this state, notwithstanding the provisions of section 462A.03, subdivision 13, if it first determines that the proceeds of such loans will be utilized for the purpose of making loans to or for the benefit of eligible persons and families as provided and in accordance with this chapter. Loans pursuant to this subdivision shall be secured, repaid and bear interest at the rate as determined by the members.

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

Subd. 24. **Housing for elderly, persons with physical or developmental disabilities, and single parent families.** (a) It may engage in housing programs for low- and moderate-income elderly, persons with physical or developmental disabilities, or single parent families in the case of home sharing programs, as defined by the agency, to provide grants or loans, with or without interest, for:

(1) accessibility improvements to residences occupied by elderly persons;

(2) housing sponsors, as defined by the agency, of home sharing programs to match existing homeowners with prospective tenants who will contribute either rent or services to the homeowner, where either the homeowner or the prospective tenant is elderly, a person with physical or developmental disabilities, or the head of a single parent family;

(3) the construction of or conversion of existing buildings into structures for occupancy by the elderly that contain from three to 12 private sleeping rooms with shared cooking facilities and common space; and

(4) housing sponsors, as defined by the agency, to demonstrate the potential for home equity conversion in Minnesota for the elderly, in both rural and urban areas, and to determine the need in those equity conversions for consumer safeguards.

(b) In making the grants or loans, the agency shall determine the terms and conditions of repayment and the appropriate security, if any, should repayment be required. The agency may provide technical assistance

to sponsors of home sharing programs or may contract or delegate the provision of the technical assistance in accordance with section 462A.07, subdivision 12.

(c) Housing sponsors who receive funding through these programs shall provide homeowners and tenants participating in a home sharing program with information regarding their rights and obligations as they relate to federal and state tax law including, but not limited to, taxable rental income, homestead classification under chapter 273, the renter's credit under section 290.0693, and the property tax refund act under chapter 290A.

Subd. 25. **Property acquisition, rehabilitation, or lease by agency.** The agency, in its own name or in conjunction with other housing sponsors as a joint venturer, partner, shareholder, or member, may, subject to the provisions of subdivision 27, clause (1) acquire, rehabilitate, or lease from private or public parties, housing designed and planned to be sold or rented at prices that low- and moderate-income persons and families can afford, and (2) rent or otherwise dispose of that housing to persons and families of low and moderate income or to housing sponsors to rent or sell the property to those persons and families. The agency may charge rents for the use of the residential housing facilities acquired, rehabilitated, or leased under this subdivision in amounts sufficient to comply with any agreements of the agency, whether in connection with the issuance of bonds or otherwise, including rent in amounts sufficient for reimbursement of all costs of financing by the agency and the payment of those service charges and insurance premiums that the agency determines to be reasonable.

Subd. 26. **Formation of nonprofit corporations.** It may, when the agency determines it is necessary or desirable to carry out its purposes and to exercise any or all of the powers conferred upon it by this chapter, and subject to the provisions of subdivision 27, form or consent to the formation of one or more corporations under the Minnesota Nonprofit Corporation Act, as amended, or under other laws of this state. The agency may be a member of the corporations, and the members and employees of the agency from time to time may be members of the board of directors or officers of the corporations. The agency may enter into agreements with them providing for the agency to approve various aspects of their operations. The agency may capitalize the corporations and may acquire all or a part of the corporations' share or member certificates. The agency may require that it approve aspects of the operation of the corporations including the corporations' articles of incorporation or bylaws, directors, projects and expenditures, and the sale or conveyance of projects, and the issuance of obligations. The agency may agree to and may take title to property of the corporations upon their dissolution.

Subd. 27. **Conditions of property acquisition by agency.** (a) The agency, or the corporations referred to in subdivision 26, may acquire property or property interests under subdivisions 25 and 26 and section 462A.06, subdivision 7, for the following purposes: (1) to protect a loan or grant in which the agency or corporation has an interest; or (2) to preserve for the use of low- and moderate-income persons or families multifamily housing which was (i) previously financed by the agency, or (ii) not financed by the agency but is benefited by federal housing assistance payments or other rental subsidy or interest reduction contracts. Property or property interests acquired for the purpose specified in clause (1) may be acquired by foreclosure, deed in lieu of foreclosure, or otherwise.

(b) Multifamily property acquired as provided in paragraph (a), clause (2), must be managed on a fee basis by an entity other than the agency or corporation. The agency or corporation may manage the property on a temporary basis until an agreement is entered into with another entity to manage the property. The agency or corporation shall make the property available for sale at a purchase price and on terms that are mutually agreeable to the parties. In the sale of property benefited by federal housing assistance, priority must be given to a buyer who agrees to maintain the federal housing assistance.

Subd. 28. MS 1990 [Repealed, 1991 c 292 art 9 s 38]

Subd. 29. MS 1990 [Repealed, 1991 c 292 art 9 s 38]

Subd. 30. **Agency investment in certain notes and mortgages.** It may invest in, purchase, acquire, and take assignments of existing notes and mortgages not closed for the purpose of sale to the agency, from lenders that are nonprofit or nonprofit entities, as defined in the agency's rules, provided that: (1) the notes and mortgages evidence loans for the construction, rehabilitation, purchase, improvement, or refinancing of residential housing intended for occupancy and occupied by low- and moderate-income persons and families; and (2) the loan sellers utilize the funds derived from the purchases in accordance with the authority contained in section 462A.07, subdivision 12, for the purposes and objectives of sections 462A.02, 462A.03, 462A.05, 462A.07, and 462A.21; and (3) the purchases are subject to security and limitations on the costs and expenses of the loan sellers incidental to the utilization of the purchase proceeds as the agency may determine. The proceeds of the purchases authorized by this subdivision shall not be subject to the limitations of section 462A.21, subdivisions 6 and 9. In addition, it may invest in, purchase, acquire, and take assignments of existing federally insured mortgages for multifamily housing, not closed for the purpose of sale to the agency, from any banking institution, savings association, or other lender or financial intermediary approved by the members; provided that the multifamily housing is benefited by contracts for federal housing assistance payments.

Subd. 31. **Loans to obtain low-income housing credits.** It may agree to purchase, make, or otherwise participate in the making and enter into commitments for the purchase, making, or participation in the making of loans to provide financing for residential housing for occupancy by persons and families of low and moderate income that qualifies for and will be utilized so as to obtain the benefits of low-income housing credits under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1988. The limitations on eligible mortgagors contained in section 462A.03, subdivision 13, do not apply to loans under this subdivision, and the loans may be insured or uninsured and may be made with security, or may be unsecured, as the agency deems advisable.

Subd. 32. **Appointment of receivers.** The agency may obtain the appointment of receivers or assignments of rents and profits under sections 559.17 and 576.25, subdivision 5, except that the limitation relating to the minimum amounts of the original principal balances of mortgages contained in sections 576.25, subdivision 5, paragraph (a), clause (i), and 559.17, subdivision 2, clause (2), shall be inapplicable to it.

Subd. 33. **Loan coinsurance.** The agency may establish a fund to coinsure loans, with a division of risk as determined by the agency, that are made by any banking institution, savings association, or other lender approved by the agency, organized under the laws of this or any other state or of the United States having an office in this state, to low- and moderate-income purchasers of residential housing to be occupied by them, or to low- and moderate-income persons or families for improvements to residential property that they occupy as their principal place of residence, provided that loan insurance on comparable terms and conditions is not otherwise available in the areas where the borrowers' properties are situated.

Subd. 34. **Home equity conversion loans.** (a) The agency may make, purchase, or make a forward commitment to purchase home equity conversion loans for low or moderate income elderly homeowners. Loan recipients must be at least 62 years of age, have substantial equity in their home, and have an income at or below 50 percent of the greater of statewide or area median income. The agency must inform a program participant of available home equity conversion loan counseling services before making a loan.

(b) Repayment of a home equity conversion loan may not be required until at least one of the following conditions occurs:

(1) the sale or conveyance of the mortgaged property;

(2) the mortgaged property is no longer the mortgagor's principal residence;

(3) the death of the mortgagor; or

(4) a violation of an obligation of the mortgagor under the mortgage.

For purposes of this section, an obligation of the mortgagor under the mortgage does not include immediate repayment upon completion of loan disbursements at the end of a specified term.

Subd. 35. **Manufactured home park loans.** The agency may provide financial assistance for the conversion of manufactured home parks to cooperative or nonprofit ownership. Financial assistance may include direct loans, interest rate subsidy loans, loan guarantees, and down payment assistance.

Subd. 36. **Lease-purchase housing.** The agency may make grants or loans to nonprofit organizations, local government units, Indian Tribes, and Indian Tribal organizations to finance the acquisition, improvement, rehabilitation, and lease-purchase of existing housing for persons of low and moderate income. A person or family is eligible to participate in a lease-purchase agreement if the person's or family's income does not exceed 60 percent of the greater of (1) state median income, or (2) area or county median income. The lease agreement must provide for a portion of the lease payment to be escrowed as a down payment on the housing. A property containing two or fewer dwelling units is eligible for financing under the lease-purchase housing program. A loan made under this subdivision must be repaid to the agency upon sale of the housing.

Subd. 37. MS 1992 [Repealed, 1993 c 236 s 19]

Subd. 38. **Community land trusts.** The agency may make loans with or without interest for the purpose of funding community land trusts under sections 462A.30 and 462A.31 from monies other than state general obligation bond proceeds. To assure the long-term affordability of housing provided by the community land trust, the community land trust must own the land acquired in whole or in part with a loan from the agency under this section under terms and conditions determined by the agency. The agency may convert the loan to a grant under circumstances approved by the agency.

Subd. 39. **Equity take-out loans.** The agency may make equity take-out loans to owners of federally assisted rental property. The owner of a federally assisted rental property must agree to participate in the federal assistance program and extend the low-income affordability restrictions on the housing for the maximum term of the federal assistance contract. An equity take-out loan must be secured by appropriate security determined necessary by the agency.

Subd. 40. **Youth employment and training.** The agency may make matching grants for the purpose of employing and training resident youths or youths residing in the surrounding neighborhood in the construction, maintenance, or rehabilitation of multifamily housing financed by the agency.

Subd. 41. **Demonstration grants.** The agency may make demonstration grants to owners or managers of multifamily rental property upon which the agency holds a mortgage for the purpose of developing or coordinating services that promote the tenant's ability to live independently, support the tenant's self-sufficiency, improve the relationship between the tenants and the community, or that otherwise strengthen the community.

Subd. 42. **Rent assistance program.** The agency may administer the rent assistance program established in section 462A.2095.

Subd. 43. **Housing disparities.** The agency must prioritize its use of appropriations for any program under this chapter to serve households most affected by housing disparities.

Subd. 44. **Special purpose credit program.** The agency may establish special purpose credit programs to assist one or more economically disadvantaged classes of persons in order to address the effects of historic and current discrimination which resulted in limiting access to housing credit by persons on the basis of race, color, ethnicity, or national origin. A special purpose credit program may include a wide variety of remedies, including but not limited to loans or other financial assistance, based on current, documented need as determined by the agency.

Subd. 45. **Indian Tribes.** Notwithstanding any other provision in this chapter, at its discretion the agency may make any federally recognized Indian Tribe in Minnesota, or their associated Tribally Designated Housing Entity (TDHE) as defined by United States Code, title 25, section 4103(22), eligible for agency funding.

History: *1971 c 702 s 5; 1973 c 515 s 11-19; 1974 c 441 s 8-10; 1976 c 254 s 3-6; 1977 c 401 s 4-8; 1979 c 50 s 60; 1979 c 327 s 1-3; 1980 c 579 s 20; 1980 c 593 s 1-3; 1980 c 614 s 149; 1981 c 306 s 5-8; 1981 c 356 s 238,248; 1982 c 424 s 130; 1983 c 185 s 2-6; 1983 c 289 s 115 subd 1; 1983 c 301 s 204-206; 1984 c 654 art 2 s 128; 1985 c 248 s 70; 1Sp1985 c 13 s 334-338; 1986 c 444; 1987 c 312 art 1 s 26 subd 2; 1987 c 350 s 2-6; 1987 c 384 art 2 s 98; 1987 c 404 s 175; 1988 c 542 s 2,3; 1988 c 689 art 2 s 234; 1989 c 209 art 2 s 1; 1989 c 270 s 2-10; 1989 c 328 art 1 s 4-7; 1990 c 429 s 2,3; 1991 c 292 art 9 s 19-25; 1992 c 522 s 25-29; 1993 c 236 s 1,2; 1994 c 586 s 1-3; 1994 c 632 art 4 s 74; 1995 c 202 art 1 s 25; 1995 c 213 art 2 s 11; 1995 c 224 s 96-98; 1996 c 298 s 1,2; 1997 c 200 art 4 s 6-9; 1998 c 273 s 14; 1998 c 389 art 14 s 4; 1999 c 199 art 2 s 15; 1999 c 211 s 2; 1Sp2001 c 4 art 4 s 7-11; 2003 c 61 s 1; 1Sp2003 c 4 s 1; 2004 c 263 s 20; 2005 c 56 s 1; 2005 c 97 art 4 s 4,5; 1Sp2005 c 1 art 4 s 103; 1Sp2005 c 5 art 8 s 7; 2007 c 140 art 4 s 61; art 13 s 4; 2009 c 78 art 8 s 4,5; 2012 c 143 art 3 s 24; 2012 c 288 s 12; 2014 c 275 art 1 s 112; 2018 c 155 s 37; 1Sp2021 c 8 art 2 s 6,7; 2022 c 98 art 4 s 51; 2023 c 37 art 2 s 1; art 4 s 1-4; 2023 c 64 art 7 s 29; 2024 c 127 art 15 s 4-11; 2026 c 100 art 3 s 5*

462A.051 WAGE THEFT PREVENTION AND USE OF RESPONSIBLE CONTRACTORS.

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

(b) "Project sponsor" means an individual, legal entity, or nonprofit board that exercises control, financial responsibility, and decision-making authority over a housing development.

(c) "Developer" means an individual, legal entity, or nonprofit board that is responsible for the coordination of financing and building of a housing development.

(d) "Funding" means all forms of financial assistance or the allocation or award of federal low-income housing tax credits.

Subd. 2. **Application.** This section applies to all forms of financial assistance provided by the Minnesota Housing Finance Agency, as well as the allocation and award of federal low-income housing credits by all allocating agencies as defined under section 462A.221, for the development, construction, rehabilitation, renovation, or retrofitting of multifamily housing, including loans, grants, tax credits, loan guarantees, loan insurance, and other financial assistance.

Subd. 3. **Disclosures.** An applicant for funding under this chapter shall disclose in the application any conviction, court judgment, agency determination, legal settlement, ongoing criminal or civil investigation, or lawsuit involving alleged violations of sections 177.24, 177.25, 177.32, 177.41 to 177.44, 181.03, 181.101,

181.13, 181.14, 181.722, 181.723, 181A.01 to 181A.12, or 609.52, subdivision 2, paragraph (a), clause (19), or United States Code, title 29, sections 201 to 219, or title 40, sections 3141 to 3148, arising or occurring within the preceding five years on a construction project owned or managed by the developer, project sponsor, or owner of the proposed project, the intended general contractor for the proposed project, or any of their respective parent companies, subsidiaries, or other affiliated companies. An applicant for funding shall make the disclosures required by this subdivision available within 14 calendar days to any member of the public who submits a request by mail or electronic correspondence. The applicant shall designate a public information officer who will serve as a point of contact for public inquiries.

Subd. 4. **Responsible contractors required.** As a condition of receiving funding from the agency during the application process, the project sponsor shall verify that every contractor or subcontractor of any tier performing work on the proposed project meets the minimum criteria to be a responsible contractor under section 16C.285, subdivision 3. This verification must meet the criteria defined in section 16C.285, subdivision 4.

Subd. 5. **Certified contractor lists.** As a condition of receiving funding, the project applicant shall have available at the development site main office, a list of every contractor and subcontractor of any tier that performs work or is expected to perform work on the proposed project, as described in section 16C.285, subdivision 5, including the following information for each contractor and subcontractor: business name, scope of work, Department of Labor and Industry registration number, business name of the entity contracting its services, business telephone number and email address, and actual or anticipated number of workers on the project. The project sponsor shall establish the initial contractor list 30 days before the start of construction and shall update the list each month thereafter until construction is complete. The project sponsor shall post the contractor list in a conspicuous location at the project site and make the contractor list available to members of the public upon request.

Subd. 6. **Wage theft remedy.** If any contractor or subcontractor of any tier is found to have failed to pay statutorily required wages under section 609.52, subdivision 1, clause (13), on a project receiving funding from or through the agency, the contractor or subcontractor with the finding is responsible for correcting the violation.

Subd. 7. **Wage theft prevention plans; disqualification.** (a) If any contractor or subcontractor of any tier fails to pay statutorily required wages on a project receiving funding from or through the agency as determined by an enforcement entity, the project sponsor of the project must have a wage theft prevention plan to be eligible for further funding from the agency. The project sponsor's wage theft prevention plan must describe detailed measures that the project sponsor and its general contractor have taken and are committed to take to prevent wage theft on the project, including provisions in any construction contracts and subcontracts on the project. The plan must be submitted to the Department of Labor and Industry for review. The Department of Labor and Industry may require the project sponsor to amend the plan or adopt policies or protocols in the plan. Once approved by the Department of Labor and Industry, the wage theft prevention plan must be submitted by the project sponsor to the agency with any subsequent application for funding from the agency. Such wage theft prevention plans shall be made available to members of the public by the agency upon request.

(b) A project sponsor is disqualified from receiving funding from or through the agency for three years if any of the project sponsor's contractors or subcontractors of any tier are found by an enforcement agency to have, within three years after entering into a wage theft prevention plan under paragraph (a), failed to pay statutorily required wages on a project receiving financial assistance from or through the agency for a total underpayment of $50,000 or more.

Subd. 8. **Enforcement.** The agency must deny an application for funding that does not comply with this section or if the project sponsor refuses to enter into the agreements required by this section. The agency may withhold funding that has been previously approved if the agency determines that the project sponsor has engaged in unacceptable practices by failing to comply with this section until the violation is cured.

History: *2024 c 127 art 9 s 5; 2025 c 20 s 268; 2025 c 32 art 3 s 2*

462A.057 MINNESOTA URBAN AND RURAL HOMESTEADING PROGRAM.

Subdivision 1. **Establishment; purpose.** The agency may establish the Minnesota urban and rural homesteading program for the purpose of making grants or loans to eligible applicants to acquire, rehabilitate, demolish or remove existing structures and construct new housing, and sell single family residential properties to home buyers committed to strengthening the neighborhood and following a good neighbor policy. If the grant or loan is used for demolition or removal of existing structures, the cleared land must be used for construction of housing owned by persons who meet the income limits of this program and the demolition and new construction must be less expensive than acquisition and rehabilitation.

Subd. 2. MS 1990 [Repealed, 1992 c 522 s 48]

Subd. 3. MS 1990 [Repealed, 1992 c 522 s 48]

Subd. 4. MS 1990 [Repealed, 1992 c 522 s 48]

Subd. 5. MS 1990 [Repealed, 1992 c 522 s 48]

Subd. 6. MS 1990 [Repealed, 1992 c 522 s 48]

Subd. 7. MS 1990 [Repealed, 1992 c 522 s 48]

Subd. 8. MS 1990 [Repealed, 1992 c 522 s 48]

Subd. 9. MS 1990 [Repealed, 1992 c 522 s 48]

Subd. 10. MS 1990 [Repealed, 1992 c 522 s 48]

History: *1989 c 328 art 1 s 8; 1990 c 429 s 4; 1990 c 532 s 1; 1993 c 369 s 136; 2003 c 61 s 2*

462A.06 GENERAL POWERS OF THE AGENCY.

Subdivision 1. **Listed here.** For the purpose of exercising the specific powers granted in section 462A.05 and effectuating the other purposes of this chapter, the agency shall have the general powers granted in this section.

Subd. 2. **Suits.** It may sue and be sued.

Subd. 3. **Seal.** It may have a seal and alter the same at will.

Subd. 4. **Rules.** It may make, and from time to time, amend and repeal rules not inconsistent with the provisions of this chapter.

Subd. 5. **Personal property.** It may acquire, hold and dispose of personal property for its corporate purposes.

Subd. 6. **Transactions.** It may enter into agreements or other transactions with any federal or state agency, any person and any domestic or foreign partnership, corporation, association or organization.

Subd. 7. **Real, personal property.** It may, subject to the provisions of section 462A.05, subdivision 27, (1) acquire real or personal property, or an interest therein, including partnership shares in housing-related partnerships, on either a temporary or long-term basis in its own name, by purchase, exchange, gift, assignment, transfer, foreclosure, deed in lieu of foreclosure, lease, assignment of lease or otherwise, including rights or easements in real property; (2) own, hold, manage, operate, clear, improve, and rehabilitate real or personal property; and (3) sell, assign, lease, encumber, mortgage, or otherwise dispose of any real or personal property, or any interest in that property, or mortgage lien or security interest owned by it or under its control, custody, or in its possession and release or relinquish any right, title, claim, lien, interest, easement, or demand however acquired, including any equity or right of redemption in property foreclosed by it, and do any of the foregoing by public or private sale, with or without public bidding, notwithstanding the provisions of any other law.

Subd. 8. **Sale of loan paper.** It may sell, at public or private sale, any note, mortgage or other instrument or obligation evidencing or securing a loan, including a certificate evidencing an interest in one or more loans. The agency may, in connection with such a sale, retain the right or obligation to collect the principal and interest on the loan, to enter into commitments for timely remittal of the principal and interest, or to provide any other services as described in the certificate.

Subd. 9. **Property casualty insurance.** It may procure insurance against any loss in connection with its property in such amounts, and from such insurers, as may be necessary or desirable.

Subd. 10. **Change of rates, terms.** It may consent, whenever it deems it necessary or desirable in the fulfillment of its corporate purpose, to the modification of the rate of interest, time of payment or any installment of principal or interest, or any other term, of any mortgage loan, mortgage loan commitment, construction loan, temporary loan, contract or agreement of any kind to which the agency is a party.

Subd. 11. **Rules.** It may make and publish rules pursuant to chapter 14 respecting its mortgage lending, construction lending, rehabilitation lending, grants, and temporary lending, and any such other rules as are necessary to effectuate its corporate purpose.

Subd. 12. **Debt.** It may borrow money to carry out and effectuate its corporate purpose and may issue its bonds or notes as evidence of any such borrowing in accordance with sections 462A.08 to 462A.17.

Subd. 13. MS 1971 [Repealed, 1973 c 515 s 40]

Subd. 14. MS 1971 [Repealed, 1973 c 515 s 40]

Subd. 15. MS 1971 [Repealed, 1973 c 515 s 40]

Subd. 16. MS 1971 [Repealed, 1973 c 515 s 40]

History: *1971 c 702 s 6; 1973 c 35 s 75; 1973 c 515 s 20,21; 1974 c 441 s 11; 1980 c 593 s 4; 1982 c 424 s 130; 1983 c 185 s 7; 1984 c 640 s 32; 1985 c 248 s 70; 1987 c 350 s 7,8; 1992 c 522 s 30; 1996 c 305 art 2 s 61; 1Sp2001 c 4 art 4 s 12,13*

462A.065 FINANCIAL INFORMATION.

Financial information, including but not limited to credit reports, financial statements and net worth calculations, received or prepared by the agency regarding any agency loan or grant and the name of each individual who is the recipient of an agency grant are private data on individuals, pursuant to section 13.02, subdivision 12.

History: *1977 c 401 s 9; 1981 c 311 s 39; 1982 c 545 s 24*

462A.07 ADDITIONAL POWERS AND DUTIES OF THE AGENCY.

Subdivision 1. **Application.** In addition to the powers granted in sections 462A.05 and 462A.06 the agency shall have the further powers granted in this section.

Subd. 2. **Technical assistance; residential housing.** It may provide general technical services and support to assist in the planning, processing, design, construction or rehabilitation, and inspection of residential housing for occupancy by persons and families of low and moderate income and to increase the capacity of entities to meet the housing needs in the state.

Subd. 2a. **Loan services.** It may provide underwriting, loan processing, and closing services in behalf of other lenders where those services are not otherwise available and the loans relate to residential housing for occupancy by low- and moderate-income persons and families. The agency may charge fees for those services in amounts determined by the members to be reasonable.

Subd. 3. **Project assistance.** It may provide general consultative project assistance services for residential housing for occupancy by persons and families of low and moderate income and for the residents thereof with respect to management, training and social services, homeownership counseling and continuing technical home maintenance services.

Subd. 3a. **Technical assistance; multifamily housing projects.** It shall make available technical assistance to potential applicants to encourage applications for multifamily housing projects which afford residents participation in the ownership or management of the project.

Subd. 4. **Construction methods.** It may promote research and development in scientific methods of constructing low cost residential housing of high durability.

Subd. 5. **Agreements; housing projects.** It may enter into agreements with sponsors, mortgagors, or the issuers of securities for the purpose of regulating the planning, development, and management of housing projects financed in whole or in part by the proceeds of eligible loans or eligible securities purchased by the agency.

Subd. 5a. **Agreements with governmental units.** It may enter into agreements with housing and agreements with sponsors, redevelopment authorities or other appropriate local governmental units to foster multifamily housing rehabilitation and shall act to develop the agreements. It may give advance reservations of mortgage financing and federal rent subsidies as part of the agreements, with the understanding that the agency will only approve the mortgage loans pursuant to normal procedures, and may adopt special procedures designed to meet problems inherent in a program of multifamily housing rehabilitation. The agreements may include the United States Department of Housing and Urban Development when desirable and appropriate.

Subd. 6. **Studies.** It may undertake and carry out studies and analyses of housing needs within the state and ways of meeting such needs including data with respect to population and family and size; and the distribution thereof according to income groups, the amount and quality of available housing and its distribution according to rentals and sales prices, employment, wages and other factors affecting housing needs and the meeting thereof; and may make the results of such studies and analyses available to the public and the housing and supply industries, and may engage in research and disseminate information on housing.

Subd. 7. **Recommendations to governor.** It may survey and investigate the housing conditions and needs, both urban and rural, throughout the state and make recommendations to the governor as to legislation and other measures necessary or advisable to alleviate any existing housing shortage in the state.

Subd. 8. **State Building Code.** It may assist the commissioner of labor and industry in the development, implementation and revision of the State Building Code.

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

Subd. 9a. **Promotion of economical construction.** In the exercise of the powers granted to it under this chapter, it shall promulgate rules as may be necessary to encourage counties and municipalities to promote the economical construction of housing units for persons and families of low and moderate income.

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

Subd. 11. **Cooperative relationships.** It may establish cooperative relationships with such regional county and multicounty housing authorities as may be established, including the Metropolitan Council, and may develop priorities for the utilization of agency resources and assistance within a region in cooperation with regional county and multicounty housing authorities.

Subd. 12. **Use of other agencies.** It may delegate, use or employ any federal, state, regional or local public or private agency or organization, including organizations of physically disabled persons, upon terms it deems necessary or desirable, to assist in the exercise of any of the powers granted by this chapter and to carry out the objectives of this chapter and may pay for the services from the housing development fund.

Subd. 13. **Federal assistance.** It may engage or assist in the development and operation of low-income housing if the federal government provides assistance in connection with the housing and the development and operation is in conformity with the applicable provisions of federal laws and regulations. The agency shall determine whether the applicable federal laws governing use of such funds permit a portion thereof to be used for residential housing for American Indians within the state.

Subd. 14. **American Indians.** (a) It may engage in housing programs for low- and moderate-income American Indians developed and administered separately or in combination by the Minnesota Chippewa Tribe, the Red Lake Band of Chippewa Indians, and the Sioux Communities as determined by such Tribe, Band, or Communities. In furtherance of the policy of economic integration stated in section 462A.02, subdivision 6, it may engage in housing programs for American Indians who intend to reside on reservations and who are not persons of low and moderate income, provided that the aggregate dollar amount of the loans for persons who are not of low- or moderate-income closed in each lender's fiscal year shall not exceed an amount equal to 25 percent of the total dollar amount of all loans closed by that lender during the same fiscal year. In developing such housing programs, the Tribe, Band, or Communities shall take into account the housing needs of all American Indians residing both on and off reservations within the state. A plan for each such program, which specifically describes the program content, utilization of funds, administration, operation, implementation and other matter, as determined by the agency, must be submitted to the agency for its review and approval prior to the making of eligible loans pursuant to section 462A.21. All such programs must conform to rules promulgated by the agency concerning program administration, including but not limited to rules concerning costs of administration; the quality of housing; interest rates, fees, and charges in connection with making eligible loans; and other matters determined by the agency to be necessary in order to effectuate the purposes of this subdivision and section 462A.21, subdivisions 4b and 4c. All such

programs must provide for a reasonable balance in the distribution of funds appropriated for the purpose of this section between American Indians residing on and off reservations within the state. Nothing in this section shall preclude such Tribe, Band, or Communities from requesting and receiving cooperation, advice, and assistance from the agency as regards program development, operation, delivery, financing, or administration. As a condition to the making of such eligible loans, the Minnesota Chippewa Tribe, the Red Lake Band of Chippewa Indians, and the Sioux Communities shall:

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

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

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

(b) The agency may engage in demonstration projects to encourage the participation of financial institutions or other leveraging sources in providing housing opportunities for American Indians. The agency shall consult with the Minnesota Chippewa Tribe, the Red Lake Band of Chippewa Indians, and the Sioux Communities in developing the demonstration projects. The income limits specified in paragraph (a) do not apply to the demonstration projects.

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

Subd. 15. **Urban Indian housing program.** It may engage in housing programs for low and moderate income American Indians residing in the metropolitan area defined in section 473.121, subdivision 2, cities with a population greater than 50,000 persons, and cities with an American Indian population greater than 1,000 persons. The programs shall demonstrate innovative methods of providing housing for urban Indians, may involve the construction, purchase, and rehabilitation of residential housing, and may be administered through any other provision of this chapter. To the extent possible, the programs shall combine appropriated money with other money from both public and private sources, except that interest earned on the portion of an appropriation to be expended for Indian housing programs in the city of Duluth does not have to be combined with money from other sources. Effective June 30, 1985, all money allocated by the agency under this subdivision to programs for urban Indian housing that are not subject to active contracts shall be reallocated by the agency to programs to fulfill the purposes of this subdivision. Members of boards, committees, or other governing bodies of organizations administering the urban Indian programs authorized by this subdivision must be compensated for those services as provided in section 15.0575. The agency shall consult with the Advisory Council on Urban Indians created pursuant to section 3.922, subdivision 8, in the development of programs pursuant to this subdivision.

Subd. 16. **Cooperation with municipal programs.** It may establish cooperative relationships with municipal housing and redevelopment authorities and municipalities to develop priorities for the use of agency resources and assistance within municipalities, and to consider municipal housing plans and programs in the process of setting the priorities.

Subd. 17. **Translation services.** It shall provide meaningful access to agency programs and services for individuals who have limited English proficiency. This may include providing, at the individual's request, interpretation or translation services in the individual's preferred language. The agency will continue to follow all federal and state laws, regulations, and guidance regarding limited English proficiency.

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

Subd. 19. **Report to the legislature.** (a) By February 15 each year, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees having jurisdiction over housing finance and policy containing the following information:

(1) the total number of applications for funding;

(2) the amount of funding requested;

(3) the amounts of funding awarded; and

(4) the number of housing units that are affected by funding awards, including the number of:

(i) newly constructed owner-occupied units;

(ii) renovated owner-occupied units;

(iii) newly constructed rental units; and

(iv) renovated rental units.

(b) This reporting requirement applies to appropriations for competitive development programs made in Laws 2023 and in subsequent laws.

Subd. 20. **Eligibility for agency programs.** The agency may determine that a household or project unit meets the rent or income requirements for a program if the household or unit receives or participates in income-based state or federal public assistance benefits, including but not limited to:

(1) child care assistance programs under chapter 142E;

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

(3) housing support under chapter 256I;

(4) Minnesota family investment program and diversionary work program under chapter 142G; and

(5) economic assistance programs under chapter 256P.

Subd. 21. **Promotion of materials on rights and obligations of landlords and residential tenants.** The commissioner shall publish information on the rights and obligations of landlords and residential tenants,

including promotion of the statement required under section 504B.275. The commissioner must prominently display this information on the agency website.

History: *1971 c 702 s 7; 1973 c 515 s 22; 1974 c 441 s 12-16; 1976 c 254 s 7-9; 1977 c 401 s 10-12; 1978 c 670 s 1; 1979 c 243 s 7-9; 1979 c 327 s 5; 1981 c 306 s 9; 1982 c 424 s 130; 1983 c 201 s 1; 1984 c 654 art 2 s 130; 1985 c 248 s 70; 1Sp1985 c 13 s 339,340; 1988 c 542 s 4,5; 1989 c 270 s 11,12; 1993 c 236 s 3,4; 1994 c 586 s 4; 1996 c 298 s 3; 1996 c 305 art 1 s 99; art 2 s 62; 1997 c 7 art 2 s 55; 1Sp2001 c 4 art 4 s 14,15; 2005 c 56 s 1; 2007 c 140 art 12 s 15; 1Sp2021 c 8 art 2 s 8; 2022 c 55 art 3 s 2-4; 2023 c 37 art 4 s 5; 2024 c 127 art 15 s 12-14; 2025 c 32 art 3 s 3; 2026 c 88 art 1 s 205*

462A.071 MS 2002 [Repealed, 1Sp2001 c 5 art 3 s 96]

462A.072 MS 2000 [Repealed, 2002 c 379 art 1 s 114]

BONDS AND NOTES

462A.073 SINGLE-FAMILY MORTGAGE BONDS; LIMITATIONS.

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

(b) "Existing housing" means single-family housing that (i) has been previously occupied prior to the first day of the origination period; or (ii) has been available for occupancy for at least 12 months but has not been previously occupied.

(c) "New housing" means single-family housing that has not been previously occupied.

(d) "Origination period" means the period that loans financed with the proceeds of qualified mortgage revenue bonds are available for the purchase of single-family housing. The origination period begins when financing actually becomes available to the borrowers for loans.

(e) "Redevelopment area" means a compact and contiguous area within which the city finds by resolution that 70 percent of the parcels are occupied by buildings, streets, utilities, or other improvements and more than 25 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance.

(f) "Single-family housing" means dwelling units eligible to be financed from the proceeds of qualified mortgage revenue bonds under federal law.

(g) "Structurally substandard" means containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light, ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.

Subd. 2. **Limitation; origination period.** (a) During the first ten months of an origination period, the agency may make loans financed with proceeds of mortgage bonds for the purchase of existing housing. Loans financed with the proceeds of mortgage bonds for new housing in the metropolitan area may be made during the first ten months of an origination period only if the new housing is serviced by the regional wastewater treatment system or by a wastewater treatment system operated and maintained by a local unit of government.

(b) Upon expiration of the first ten-month period, the agency may make loans financed with the proceeds of mortgage bonds for the purchase of new and existing housing.

Subd. 3. MS 1998 [Repealed, 1999 c 211 s 17]

Subd. 4. **Limitation; commitments and loans to builders and developers.** The agency may not make available, provide set-asides, or commit to make available proceeds of mortgage bonds for the exclusive use of builders or developers for loans to eligible purchasers for new housing except for new housing described in subdivision 2. This prohibition is in effect for the total origination period.

Subd. 5. **Reporting requirement.** The agency shall report to the chairs of the appropriate housing-related standing committees or divisions of the state senate and house of representatives by January 1 of each year detailing new housing activity financed with the proceeds of mortgage bonds, including a description of affordable housing initiatives, the number of loans, the average purchase price, average borrower income, and steps taken to encourage loan activity as required in subdivision 3.

History: *1991 c 346 s 1; 1992 c 522 s 31; 1992 c 545 art 1 s 2; 1999 c 211 s 3,4; 1Sp2001 c 4 art 4 s 16; 2003 c 61 s 3*

462A.08 BONDS AND NOTES; PURPOSES, TERMS, APPROVAL.

Subdivision 1. **Issue of bonds and notes; generally.** The agency from time to time may issue its bonds and notes in such principal amount as, in the opinion of the agency, shall be necessary to provide sufficient funds for achieving its purposes, including the making of eligible loans and the purchase of eligible securities, the payment of interest on bonds and notes of the agency, the establishment of reserves to secure such bonds and notes, and the payment of all other expenditures of the agency incident to and necessary or convenient to carry out its corporate purposes and powers.

Subd. 2. **Issue of refunding bonds or notes.** The agency from time to time may issue bonds or notes for the purpose of refunding any bonds or notes of the agency then outstanding, or, with the consent of the original issuer, any bonds or notes then outstanding issued by an issuer other than the agency for the purpose of making or purchasing loans for single family housing or multifamily housing developments, including the payment of any redemption premiums thereon and any interest accrued or to accrue to the redemption date next succeeding the date of delivery of such refunding bonds or notes. The proceeds of any such refunding bonds or notes may, in the discretion of the agency, be applied to the purchase or payment at maturity of the bonds or notes to be refunded, or to the redemption of such outstanding bonds or notes on the redemption date next succeeding the date of delivery of such refunding bonds or notes and may, pending such application, be placed in escrow to be applied to such purchase, retirement, or redemption. Any such escrowed proceeds, pending such use, may be invested and reinvested in obligations issued or guaranteed by the state or the United States or by any agency or instrumentality thereof, or in certificates of deposit or time deposits secured in such manner as the agency shall determine, maturing at such time or times as shall be appropriate to assure the prompt payment of the principal of and interest and redemption premiums, if any, on the bonds or notes to be refunded. The income earned or realized on any such investment may also be applied to the payment of the bonds or notes to be refunded. After the terms of the escrow have been fully satisfied, any balance of such proceeds and investment income may be returned to the agency for use by it in any lawful manner. All refunding bonds or notes issued under the provisions of this subdivision shall be issued and secured in the manner provided by resolution of the agency. If bonds or notes are issued by the agency to refund bonds or notes issued by an issuer other than the agency, as authorized by this subdivision, the agency and said issuer may enter into such agreements as they may deem appropriate to facilitate such transaction.

Subd. 3. **Notes and bonds; securities.** All notes or bonds issued under this section are securities as defined in section 336.8-102 and may be issued as certificated securities or as uncertificated securities. Certificated securities may be issued in bearer or registered form. The agency may perform all actions that are permitted or required of issuers of securities under sections 336.8-101 to 336.8-511. If notes or bonds are issued as uncertificated securities, and this chapter or other law requires or permits the notes or bonds to contain a statement or recital, whether on their face or otherwise, it is sufficient compliance with the law that the statement or recital is contained in the transaction statement or in a resolution or other instrument that is made a part of the note or bond by reference in the transaction statement as provided in section 336.8-202. All notes and bonds so issued may be either general obligations of the agency, secured by its full faith and credit, and payable out of any money, assets, or revenues of the agency, subject to the provisions of resolutions or indentures pledging and appropriating particular money, assets, or revenues to particular notes or bonds, or limited obligations of the agency not secured by its full faith and credit, and payable solely from those moneys, assets, or revenues of the agency as may be authorized by resolution or indenture.

History: *1971 c 702 s 8; 1973 c 515 s 23-25; 1974 c 441 s 17; 1Sp1985 c 13 s 341; 1987 c 350 s 9,10; 1991 c 292 art 9 s 26; 1996 c 305 art 1 s 100*

462A.09 BONDS AND NOTES; RESOLUTIONS AUTHORIZING, ADDITIONAL TERMS, SALE.

The notes and bonds of the agency shall be authorized by a resolution or resolutions adopted by the agency, shall bear such date or dates, shall mature at such time or times, shall bear interest at such rate or rates, be in such denominations, be in such form, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States of America, at such place or places within or without the state, and be subject to such terms of redemption prior to maturity as such resolutions or certificates may provide. If, for any reason, whether existing at the date of issue of any bonds or notes or at the date of making or purchasing any loan or securities from the proceeds or thereafter, the interest on any bonds or notes shall be or become subject to federal income taxation, this shall not impair or affect the validity or the provisions made for the security of the bonds or notes. The agency may make such covenants and take or cause to be taken such actions as are in its judgment necessary or desirable to comply with conditions established by federal law or regulations for the exemption of interest on its obligations. The agency may refrain from compliance with such conditions if in its judgment this would serve the purposes and policies set forth in this chapter with respect to any particular issue of bonds or notes, unless this would violate covenants made by the agency. No note shall mature more than ten years from its date or from the date of any note refunded thereby. The maximum maturity of any bond, whether or not issued for the purpose of refunding, shall be 50 years from its date. The notes and bonds of the agency may be sold at public or private sale, at such price or prices as the agency shall determine; provided that (i) the aggregate price at which an issue of notes or bonds is initially offered by underwriters to investors, as set forth in the agency's official statement with respect to the offering, shall not exceed by more than three percent the aggregate price paid by the underwriters to the agency at the time of delivery; (ii) the commission paid by the agency to an underwriter or agent for placing an issue of notes or bonds with investors shall not exceed three percent of the aggregate price at which the issue is offered to investors as set forth in the agency's offering statement; and (iii) the spread or commission shall be an amount determined by the agency to be reasonable in the light of the risk assumed and the expenses of issuance, if any, required to be paid by the underwriters or agent.

History: *1971 c 702 s 9; 1973 c 515 s 26; 1977 c 401 s 13; 1979 c 327 s 6; 1980 c 607 art 14 s 45 subd 1; 1983 c 185 s 8*

462A.10 BONDS AND NOTES; OPTIONAL RESOLUTION AND CONTRACT PROVISIONS.

Subdivision 1. **Resolution terms part of contract.** Any resolution authorizing any notes or bonds or any issue thereof may contain provisions, which shall be a part of the contract with the holders thereof, as to the matters referred to in this section.

Subd. 2. **Liens.** It may pledge or create a lien on all or any part of the moneys or property of the agency and any moneys held in trust or otherwise by others to secure the payment of the notes or bonds or of any issue thereof, subject to such agreements with bondholders or noteholders as may then exist.

Subd. 3. **Treatment of agency money.** It may provide for the custody, collection, securing, investment, and payment of any moneys of the agency.

Subd. 4. **Reserves; sinking funds.** It may set aside reserves or sinking funds and provide for the regulation and disposition thereof and may create other special funds into which any moneys of the agency may be deposited.

Subd. 5. **Limit application of sale proceeds; repayment pledge.** It may limit the loans and securities to which the proceeds of sale of notes or bonds may be applied and may pledge repayments thereon to secure the payment of the notes or bonds or of any issue thereof.

Subd. 6. **Limit more notes, bonds.** It may limit the issuance of additional notes or bonds, the terms upon which additional notes or bonds may be issued and secured, and the refunding of outstanding or other notes or bonds.

Subd. 7. **Amendment, consent procedure.** It may prescribe the procedure, if any, by which the terms of any contract with noteholders or bondholders may be amended or abrogated, the amount of notes or bonds the holders of which must consent thereto, and the manner in which such consent may be given.

Subd. 8. **Trustee vesting.** It may vest in a trustee or trustees such property, rights, powers and duties in trust as the agency may determine, which may include any or all of the rights, powers and duties of the bondholders, or may limit the rights, powers and duties of such trustee.

Subd. 9. **Default and the like.** It may define the acts or omissions to act which shall constitute a default in the obligations and duties of the agency and may provide for the rights and remedies of the holders of bonds or notes in the event of such default, and provide any other matters of like or different character, consistent with the general laws of the state and other provisions of this chapter, which in any way affect the security or protection of the notes or bonds and the rights of the holders thereof.

Subd. 10. **Deferral of issuance and delivery.** It may provide that the agency may defer the issuance and delivery of the bonds to the underwriters to a designated future date when the proceeds of the bonds are required for one or more of the purposes specified in section 462A.08.

History: *1971 c 702 s 10; 1973 c 515 s 27-31; 1994 c 586 s 5*

462A.105 INTEREST RATE EXCHANGES.

The agency may enter into an agreement with a third party for an exchange of interest rates under this section. With respect to bonds or notes outstanding or proposed to be issued bearing interest at a variable rate, the agency may agree to pay sums equal to interest at a fixed rate or at a different variable rate determined in accordance with a formula set out in the agreement on an amount not exceeding the outstanding principal amount of the bonds or notes at the time of payment, in exchange for an agreement by the third party to pay sums equal to interest on a like amount at a variable rate determined according to a formula set out in the

agreement. With respect to bonds or notes outstanding or proposed to be issued bearing interest at a fixed rate or rates, the agency may agree to pay sums equal to interest at a variable rate determined according to a formula set out in the agreement on an amount not exceeding the outstanding principal amount of the bonds or notes at the time of payment in exchange for an agreement by the third party to pay sums equal to interest on a like amount at a fixed rate or rates set out in the agreement. Subject to any applicable covenants of the agency, payments required to be made by the agency under the swap agreement, including termination payments, may be made from amounts pledged or available to pay debt service on the bonds or notes with respect to which the swap agreement was made or from any other available source of the agency. The agency may issue bonds or notes to provide for any payment, including a termination payment, due or to become due under a swap agreement.

History: *2000 c 424 s 1*

462A.11 PLEDGES.

Any pledge made by the agency shall be valid and binding from the time when the pledge is made, the moneys or property so pledged and thereafter received by the agency shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the agency, irrespective of whether such parties have notice thereof. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

History: *1971 c 702 s 11*

462A.12 BONDS AND NOTES; NONLIABILITY OF INDIVIDUALS.

Neither the members of the agency nor any person executing the notes or bonds shall be liable personally on the notes or bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

History: *1971 c 702 s 12*

462A.13 BONDS AND NOTES; PURCHASE BY AGENCY.

The agency, subject to such agreements with noteholders or bondholders as may then exist, shall have power out of any funds available therefor to purchase notes or bonds of the agency, either at initial issuance or at a subsequent date, for cancellation or as an investment of funds of the agency until required for its authorized purposes. If so purchased, the notes or bonds shall be purchased at a price not exceeding (a) if the notes or bonds are then redeemable, the redemption price then applicable plus accrued interest to the purchase date, or (b) if the notes or bonds are not redeemable, the redemption price applicable on the first date after such purchase upon which the notes or bonds become subject to redemption plus accrued interest to the purchase date.

History: *1971 c 702 s 13; 1997 c 200 art 4 s 10*

462A.14 BONDS AND NOTES; NONLIABILITY OF STATE.

The state of Minnesota shall not be liable on notes or bonds of the agency and such notes and bonds shall not be a debt of the state. The notes and bonds shall contain on the face thereof, a statement to such effect.

History: *1971 c 702 s 14*

462A.15 STATE PLEDGE AGAINST IMPAIRMENT OF CONTRACTS.

The state pledges and agrees with the holders of any notes or bonds issued under this chapter, that the state will not limit or alter the rights vested in the agency to fulfill the terms of any agreements made with the holders thereof, or in any way impair the rights and remedies of the holders until the notes or bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged. The agency is authorized to include this pledge and agreement of the state in any agreement with the holders of such notes or bonds.

History: *1971 c 702 s 15; 1Sp2001 c 4 art 4 s 17*

462A.16 DEFAULT IN PAYMENTS; APPOINTMENT OF TRUSTEE.

If the agency defaults in the payment of principal or interest on any issue of notes or bonds after the same shall become due, whether at maturity or upon call for redemption, and such default continues for a period of 30 days, or if the agency fails or refuses to comply with the provisions of this chapter, or defaults in any agreement made with the holders of any issue of notes or bonds, the holders of 25 percent in aggregate principal amount of the notes or bonds of such issue then outstanding may appoint a trustee to represent the holders of such notes or bonds for the purposes set forth in section 462A.17, unless the notes or bonds are issued under an indenture made and entered into by the agency with a designated trustee.

History: *1971 c 702 s 16; 1973 c 515 s 32*

462A.17 POWERS AND DUTIES OF TRUSTEE.

Subdivision 1. **Specific list.** The trustee designated in any indenture or resolution securing an issue of notes or bonds, or a trustee appointed pursuant to section 462A.16, may, and upon written request of the holders of 25 percent in principal amount of such notes or bonds then outstanding shall, in the trustee's own name, subject to the provisions of such indenture or resolution:

(1) enforce all rights of the noteholders or bondholders, including the right to require the agency to collect fees and charges and interest and payments on eligible loans and mortgages made and eligible securities purchased by it adequate to carry out any agreement as to, or pledge of, such fees and charges and payments and to require the agency to carry out any other agreements with the holders of such notes or bonds and to perform its duties under this chapter;

(2) bring suit upon such notes or bonds;

(3) require the agency to account as if it were the trustee of any express trust for the holders of such notes or bonds;

(4) enjoin any acts or things which may be unlawful or in violation of the rights of holders of such notes or bonds; or

(5) declare all such notes or bonds due and payable, and if all defaults shall be made good, then, with the consent of the holders of 25 percent of the principal amount of such notes or bonds then outstanding, the trustee may annul such declaration and consequences.

Subd. 2. **Other necessary or appropriate powers.** In addition to the powers specifically granted herein, the trustee shall have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth herein or incident to the general representation of bondholders or noteholders in the enforcement and protection of their rights.

Subd. 3. **Ramsey County venue; notice of principal due.** The venue of any action or proceedings brought by the trustees under this chapter, shall be in Ramsey County. Before declaring the principal of notes or bonds due and payable, the trustee shall first give 30 days' notice in writing to the governor, to the agency, and to the commissioner of management and budget.

History: *1971 c 702 s 17; 1973 c 35 s 76; 1973 c 501 s 16; 1973 c 515 s 33; 1986 c 444; 1Sp2001 c 4 art 4 s 18; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109*

462A.18 MONEYS OF AGENCY.

Subdivision 1. **Functions of commissioner of management and budget.** All moneys of the agency, except as otherwise authorized or provided in this section, shall be paid to the commissioner of management and budget as agent of the agency, who shall not commingle such moneys with any other moneys. The moneys in such accounts shall be paid out by the commissioner on requisition of the chair of the agency or of such other officer or employee as the agency shall authorize to make such requisition. All deposits of such moneys shall, if required by the commissioner or the agency, be secured by obligations of the United States or of the state of a market value equal at all times to the amount of the deposit and all banks and trust companies are authorized to give such security for such deposits.

Subd. 2. **Contracts and security.** Notwithstanding the provisions of this section, the agency shall have power to contract with the holders of any of its notes or bonds, as to the custody, collection, securing, investment, and payment of any money of the agency, or any money held in trust or otherwise for the payment of notes or bonds, and to carry out such contract. Money held in trust or otherwise for the payment of notes or bonds or in any way to secure notes or bonds and deposits of such money may be secured in the same manner as money of the agency, and all banks and trust companies are authorized to give such security for such deposits. All money so paid to the commissioner of management and budget as agent of the agency, from whatever source, is appropriated to the agency. The agency's notes and bonds are not subject to sections 16C.03, subdivision 4, and 16C.05.

Subd. 3. **System of accounts.** Subject to agreements with noteholders and bondholders, the commissioner of management and budget shall prescribe a system of accounts.

History: *1971 c 702 s 18; 1973 c 492 s 14; 1973 c 515 s 34; 1986 c 444; 1987 c 350 s 11; 1998 c 386 art 2 s 92; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109; 1Sp2019 c 10 art 3 s 38*

462A.19 EXEMPTION FROM TAXES.

Subdivision 1. **Property exempt from taxation.** The property of the agency and its income and operation shall be exempt from all taxation by the state or any of its political subdivisions.

Subd. 2. MS 1982 [Repealed, 1983 c 213 s 25]

History: *1971 c 702 s 19; 1983 c 213 s 19*

FUNDS; ACCOUNTS; PROGRAMS

462A.20 HOUSING DEVELOPMENT FUND; CREATION, SOURCES.

Subdivision 1. **Creation; revolving.** There is created and established under the jurisdiction and control of the agency a revolving fund to be known as the "housing development fund."

Subd. 2. **Which money in fund.** (a) There shall be paid into the housing development fund:

(1) any moneys appropriated and made available by the state for the purposes of the fund;

(2) any moneys transferred into and made available by the state for the purposes of the fund;

(3) any moneys which the agency receives in repayment of advances made from the fund;

(4) any other moneys which may be made available to the agency for the purpose of the fund from any other source or sources;

(5) all fees and charges collected by the agency;

(6) all interest or other income not required by the provisions of a resolution or indenture securing notes or bonds to be paid into another special fund.

(b) Money in the housing development fund may be used only for the purposes of the housing development fund and may not be transferred from the fund for other purposes.

Subd. 3. **Separate accounts; transfers; limits.** Whenever any money is appropriated by the state to the agency solely for a specified purpose or purposes, the agency shall establish a separate bookkeeping account or accounts in the housing development fund to record the receipt and disbursement of such money and of the income, gain, and loss from the investment and reinvestment thereof. Earnings from investment of any amounts appropriated by the state to the agency for a specified purpose or purposes may be aggregated. The costs and expenses necessary and incidental to the development and operation of all programs funded by state appropriations may be paid from the aggregated earnings from investments. The agency must distribute earnings as provided in subdivision 5. The agency may transfer unencumbered balances from one appropriated account to another, provided that no money appropriated for the purpose of agency loan programs may be transferred to an account to be used for making grants, except that money appropriated for the purpose of section 462A.05, subdivision 14a, may be transferred for the purpose of section 462A.05, subdivision 15a. The commissioner must inform the chairs and ranking minority members of the legislative committees with jurisdiction over housing finance and policy in writing prior to making a transfer pursuant to this subdivision. The written notice must include how much money will be transferred, why the transfer will be made, and when the transfer will occur. The written notice must also be filed with the Legislative Reference Library in compliance with section 3.195.

Subd. 4. **Report.** (a) On or before February 15 of each year, the agency must submit a report to the chairs and ranking minority members of the legislative committees having jurisdiction over housing finance and policy, ways and means, and finance on the costs of operating the agency in the previous fiscal year. The report must differentiate between costs to administer programs funded by state appropriations and other agency activities. For both types of costs, the report must include the following: (1) the expenditures for salaries and benefits, rent, professional and technical services, and general agency administration; (2) the number of full-time equivalent staff positions; and (3) the agency's audited financial statements which include information on expenditures and receipts relating to debt issuance and administration and loan origination and administration. The report must also include a budget plan for operating costs that differentiates between the costs to administer programs funded by state appropriations and other agency activities. For both types of costs, the report must include projected costs for salaries and benefits, rent, professional and technical services, and general administration for the current fiscal year, including estimates of changes in costs from the previous fiscal year. If it appears that the costs in the current fiscal year will exceed the budget plan contained in the report submitted under this subdivision, the agency must notify the chairs and ranking minority members of the legislative committees with jurisdiction over housing finance and policy that the costs in the current fiscal year will exceed the submitted budget plan and the reasons for the changes in costs and must submit a revised budget plan to the commissioner of management and budget and obtain the

commissioner's concurrence with the revised plan. The agency must also notify the chairs and ranking minority members of the legislative committees with jurisdiction over housing finance and policy when the agency is considering an expansion of agency activities that was not contemplated in the submitted budget plan.

(b) The report under this subdivision must additionally provide:

(1) the amount of aggregated earnings from investments of state appropriations as of January 1 of the year the report is to be submitted;

(2) the amounts used pursuant to subdivision 5 in the prior calendar year and the programs for which each amount was originally appropriated and through which each amount was used;

(3) the amounts of any administrative retentions from state appropriations in the prior calendar year;

(4) the amount, as of January 1 of the year the report is to be submitted, of the unencumbered balance that was appropriated prior to the current fiscal year, including citations to the laws making the original appropriations and explanations why the amounts remain unencumbered; and

(5) the amount that the agency projected pursuant to subdivision 5, paragraph (a), clause (2), in its most recent calculation pursuant to that subdivision, along with information on the assumptions used in creating those projections.

Subd. 5. **Use of earnings from investments of state appropriations required.** (a) By September 1 each odd-numbered year, the agency must determine the difference between: (1) the amount as of June 30 of that year of aggregated earnings from investments of state appropriations in the housing development fund; and (2) the amount that the agency projects that it will incur in costs and expenses necessary and incidental to the development and operation of programs funded by state appropriations in the fiscal year beginning that July 1 and in the following fiscal year.

(b) Each biennium the commissioner must use 25 percent of the difference determined in paragraph (a), in the manner provided in this subdivision. Before December 31 of the even-numbered year in each biennium, the agency must encumber the amount to be used under this subdivision, or the agency must provide public notice of the solicitations through which the amount will be awarded. Earnings must be used for purposes that are comparable to the purposes of the respective original appropriations and consistent with legislative intent.

(c) Use of aggregated earnings from investment of state appropriations is not required under this subdivision if, when completing the calculation under paragraph (a), the amount in paragraph (a), clause (2), exceeds the amount in paragraph (a), clause (1).

(d) The agency must consult with the commissioner of management and budget when projecting its costs pursuant to paragraph (a), clause (2).

History: *1971 c 702 s 20; 1973 c 515 s 35; 1974 c 441 s 18; 1977 c 401 s 14; 1981 c 306 s 10; 1Sp1985 c 13 s 342; 1987 c 384 art 1 s 39; 1999 c 223 art 2 s 49,50; 1Sp2001 c 4 art 4 s 19; 2009 c 101 art 2 s 109; 2026 c 100 art 3 s 6-9*

462A.201 HOUSING TRUST FUND ACCOUNT.

Subdivision 1. **Creation.** (a) The housing trust fund account is created as a separate account in the housing development fund.

(b) The housing trust fund account consists of:

(1) money appropriated and transferred from other state funds;

(2) interest accrued from real estate trust accounts as provided under section 82.75, subdivision 8;

(3) gifts, grants, and donations received from the United States, private foundations, and other sources; and

(4) money made available to the agency for the purpose of the account from other sources.

Subd. 2. **Low-income housing.** (a) The agency may use money from the housing trust fund account to provide loans or grants for:

(1) projects for the development, construction, acquisition, preservation, and rehabilitation of low-income rental and limited equity cooperative housing units, including temporary and transitional housing;

(2) the costs of operating rental housing, as determined by the agency, that are unique to the operation of low-income rental housing or supportive housing;

(3) rental assistance, either project-based or tenant-based; and

(4) programs to secure stable housing for families with children eligible for enrollment in a prekindergarten through grade 12 academic program.

For purposes of this section, "transitional housing" has the meaning given by the United States Department of Housing and Urban Development. Loans or grants for residential housing for migrant farmworkers may be made under this section.

(b) The housing trust fund account must be used for the benefit of persons and families whose income, at the time of initial occupancy, does not exceed 60 percent of median income as determined by the United States Department of Housing and Urban Development for the metropolitan area. At least 75 percent of the funds in the housing trust fund account must be used for the benefit of persons and families whose income, at the time of initial occupancy, does not exceed 30 percent of the median family income for the metropolitan area as defined in section 473.121, subdivision 2. For purposes of this section, a household with a housing assistance voucher under Section 8 of the United States Housing Act of 1937, as amended, is deemed to meet the income requirements of this section.

The median family income may be adjusted for families of five or more.

(c) Rental assistance under this section must be provided by governmental units which administer housing assistance supplements or by for-profit or nonprofit organizations experienced in housing management. Rental assistance shall be limited to households whose income at the time of initial receipt of rental assistance does not exceed 60 percent of median income, as determined by the United States Department of Housing and Urban Development for the metropolitan area. Priority among comparable applications for tenant-based rental assistance will be given to proposals that will serve households whose income at the time of initial application for rental assistance does not exceed 30 percent of median income, as determined by the United States Department of Housing and Urban Development for the metropolitan area. Rental assistance must be terminated when it is determined that 30 percent of a household's monthly income for four consecutive months equals or exceeds the market rent for the unit in which the household resides plus utilities for which the tenant is responsible. Rental assistance may only be used for rental housing units that meet the housing maintenance code of the local unit of government in which the unit is located, if such a code has been

adopted, or the housing quality standards adopted by the United States Department of Housing and Urban Development, if no local housing maintenance code has been adopted.

(d) In making the loans or grants, the agency shall determine the terms and conditions of repayment and the appropriate security, if any, should repayment be required. To promote the geographic distribution of grants and loans, the agency may designate a portion of the grant or loan awards to be set aside for projects located in specified congressional districts or other geographical regions specified by the agency. The agency may adopt rules for awarding grants and loans under this subdivision.

Subd. 3. **Matching funds.** The agency may use money from the housing trust fund account to match federal, local, or private money to be used for projects authorized under subdivision 2.

Subd. 4. MS 2000 [Repealed, 1Sp2001 c 4 art 5 s 10]

Subd. 5. MS 1992 [Repealed, 1993 c 309 s 32]

Subd. 6. **Report.** The agency shall submit a biennial report to the legislature and the governor on the use of the housing trust fund account including the number of loans and grants made, the number and types of residential units assisted through the account, the number of households for whom rental assistance payments were provided, and the number of residential units assisted through the account that were rented to or cooperatively owned by persons or families at or below 30 percent of the median family income of the metropolitan area at the time of initial occupancy.

Subd. 7. **Capacity building grant set-aside.** Five percent of the money credited to the housing trust fund account under section 82.75, subdivision 8, may be used to make capacity building grants as provided under section 462A.21, subdivision 3b.

History: *1988 c 654 s 5; 1990 c 520 s 1; 1993 c 236 s 5; 1994 c 586 s 6; 1995 c 224 s 99; 1996 c 305 art 2 s 63; 1997 c 200 art 4 s 11; 2000 c 499 s 19; 1Sp2001 c 4 art 5 s 1,2; 2004 c 203 art 2 s 61; 2017 c 94 art 11 s 4; 1Sp2017 c 7 s 6*

462A.202 LOCAL GOVERNMENT UNIT HOUSING ACCOUNT.

Subdivision 1. **Account.** The local government unit housing account is established as a separate account in the housing development fund. Money in the account is appropriated to the agency for loans to cities for the purposes specified in this section. The agency must take steps to ensure distribution of the funds around the state.

Subd. 2. **Transitional housing.** The agency may make loans with or without interest to cities and counties to finance the acquisition, improvement, and rehabilitation of existing housing properties or the acquisition, site improvement, and development of new properties for the purposes of providing transitional housing, upon terms and conditions the agency determines. For purposes of this section, "transitional housing" means housing that is provided for a limited duration not exceeding 24 months, except that up to one-third of the residents may live in the housing for up to 36 months. Preference must be given to cities that propose to acquire properties being sold by the Resolution Trust Corporation or the Department of Housing and Urban Development. Loans under this subdivision are subject to the restrictions in subdivision 7.

Subd. 3. MS 1990 [Repealed, 1992 c 522 s 48]

Subd. 3a. **Permanent rental housing.** The agency may make loans, with or without interest, to cities and counties to finance the construction, acquisition, or rehabilitation of affordable, permanent, publicly owned rental housing. Loans made under this subdivision are subject to the restrictions of subdivision 7. In

making loans under this subdivision, the agency shall give priority to projects that increase the supply of affordable family housing.

Subd. 4. MS 1990 [Repealed, 1992 c 522 s 48]

Subd. 5. MS 1990 [Repealed, 1992 c 522 s 48]

Subd. 6. **Community land trusts.** The agency may make loans with or without interest to cities and counties to finance the capital costs of a land trust project undertaken pursuant to sections 462A.30 and 462A.31. Loans under this subdivision are subject to the restrictions in subdivision 7.

Subd. 7. **Restrictions.** (a) Except as provided in paragraphs (b), (c), (d), (e), and (f), the city must own the property financed with a loan under this section and use the property for the purposes specified in this section:

(1) the city may sell the property at its fair market value provided it repays the lesser of the net proceeds of the sale or the amount of the loan balance to the agency for deposit in the local government unit housing account; or

(2) the city may use the property for a different purpose provided that the city repays the amount of the original loan.

If the city owns and uses the property for the purposes specified in this section for a 20-year period, the agency shall forgive the loan.

(b) In cases where the property consists of land only, including land on which buildings acquired with a loan under this section are demolished by the city, the city may lease the property for a term not to exceed 99 years to a nonprofit organization to use for the purposes specified in this section.

(c) In cases where the property consists of land and buildings, the city may do the following:

(1) demolish the buildings in whole or in part and use or lease the property under paragraph (b);

(2) sell the buildings to a nonprofit organization to use for the purposes specified in this section. If sold, the city must sell the buildings for fair market value and repay the proceeds of the sale to the agency for deposit in the local government unit housing account;

(3) lease the buildings to a nonprofit organization to use for the purposes specified in this section. If leased, except as provided in paragraph (d), the annual rental must equal the amount of the loan attributable to the cost of the buildings, divided by the number of years of useful life of the buildings as determined in accordance with generally accepted accounting principles. For purposes of determining the required rental, the purchase price of land and buildings must be allocated between them based on standard valuation procedures; or

(4) contract with a nonprofit organization to manage the property.

(d) A city may lease a building to a nonprofit organization for a nominal amount under the following conditions:

(1) the lease does not exceed ten years;

(2) the city must have the option to cancel the lease with or without cause at the end of any three-year period; and

(3) the city must determine annually that the property is being used for the purposes specified in this section and that the terms of the lease, including any income limits for residents, are being met.

(e) A city may sell single-family residential housing directly to persons and families of low and moderate income.

(f) A city may lease the buildings to a partnership consisting of a nonprofit organization and a limited partner if the nonprofit organization is the general partner and the financing for the land trust project includes low-income housing tax credits. All conditions for leasing buildings to a nonprofit organization as provided under this subdivision apply to the lease authorized under this paragraph.

(g) The statutory lien created under section 16A.695 may be subordinate to liens created by other sources of financing, at the discretion of the agency.

History: *1990 c 610 art 1 s 53; 1992 c 522 s 32-35; 1993 c 236 s 6; 1994 c 586 s 7; 1995 c 224 s 100,101; 2Sp1997 c 2 s 19,20; 1998 c 404 s 53; 2000 c 492 art 1 s 61; 2012 c 288 s 12*

462A.203 MS 2013 Supp [Repealed, 2014 c 161 art 3 s 1]

462A.2035 MANUFACTURED HOME PARK REDEVELOPMENT PROGRAM.

Subdivision 1. **Establishment.** The agency shall establish a manufactured home park redevelopment program for the purpose of making manufactured home park redevelopment grants or loans for the purposes specified in this section.

Subd. 1a. **Individual assistance grants.** Eligible recipients may use individual assistance grants and loans under this program to:

(1) provide current residents of manufactured home parks with buy-out assistance not to exceed $4,000 per home with preference given to older manufactured homes; and

(2) provide down-payment assistance for the purchase of new and preowned manufactured homes that comply with the current version of the United States Department of Housing and Urban Development's Manufactured Housing Code in effect at the time of the sale, not to exceed $10,000 per home.

Subd. 1b. **Manufactured home park infrastructure grants and loans.** Eligible recipients may use manufactured home park infrastructure grants and loans under this program for:

(1) acquisition of and improvements in manufactured home parks; and

(2) infrastructure, including storm shelters and community facilities.

Subd. 2. **Eligibility requirements.** For individual assistance grants under subdivision 1a, households assisted must have an annual household income at or below 80 percent of the area median household income. Cities, counties, or community action programs receiving funds under the program must give preference to households at or below 50 percent of the area median household income. Participation in the program is voluntary and no park resident shall be required to participate.

Subd. 3. **Statewide program.** The agency shall attempt to make grants and loans in approximately equal amounts to applicants outside and within the metropolitan area. Grants and loans under this section shall be provided in a manner consistent with the agency's policies and purposes in section 462A.02.

Subd. 4. **Infrastructure repair and replacement fund.** Each recipient receiving a grant under subdivision 1b shall provide from year to year, on a cumulative basis, for adequate reserve funds to cover the repair and replacement of the private infrastructure systems serving the community.

History: *1Sp2001 c 4 art 4 s 20; 2017 c 94 art 11 s 5; 2018 c 214 art 2 s 14,15; 1Sp2019 c 1 art 6 s 20,21; 2023 c 37 art 4 s 6*

462A.2036 COOPERATIVE MANUFACTURED HOUSING INFRASTRUCTURE GRANT PROGRAM.

Subdivision 1. **Grant program established.** The agency may make grants to counties and cities to provide up to 50 percent of the capital costs of housing infrastructure necessary for an eligible cooperative manufactured housing development project. The agency shall prioritize a grant award after determining that nonstate resources are committed to complete the project. The nonstate contribution may be either cash or in kind. In-kind contributions may include the value of the site, whether the site is prepared before or after the law appropriating money for the grant is enacted.

Subd. 2. **Definition.** For purposes of this section, "housing infrastructure" means publicly owned physical infrastructure necessary to support cooperative manufactured housing development projects, including but not limited to sewers, water supply systems, utility extensions, streets, wastewater treatment systems, stormwater management systems, and facilities for pretreatment of wastewater to remove phosphorus.

Subd. 3. **Eligible projects.** Housing infrastructure eligible for a grant under this section shall serve manufactured housing cooperatives as defined in section 273.124, subdivision 3a.

Subd. 4. **Application.** (a) The agency must develop forms and procedures for soliciting, reviewing, and prioritizing applications for grants under this section. At a minimum, a county or city may include in its application a resolution of the county or city council certifying that the required nonstate match is available. The agency must evaluate complete applications for funding for eligible projects to determine that:

(1) the project is necessary to increase sites available for housing development that will provide adequate housing stock for the current or future workforce; and

(2) the increase in workforce housing will result in substantial public and private capital investment in the county or city in which the project would be located.

(b) The determination of whether to make a grant for a site is within the discretion of the agency, subject to this section. The agency's decisions and application of the criteria are not subject to judicial review, except for abuse of discretion.

Subd. 5. **Maximum grant amount.** A county or city may receive no more than $60,000 per manufactured housing lot.

History: *1Sp2025 c 15 art 2 s 9*

462A.204 FAMILY HOMELESS PREVENTION AND ASSISTANCE PROGRAM.

Subdivision 1. **Establishment.** The agency may establish a family homeless prevention and assistance program to assist families who are homeless or are at imminent risk of homelessness. The term "family" may include single individuals. The agency may make grants to develop and implement family homeless prevention and assistance projects under the program. For purposes of this section, "families" means families and persons 24 years of age or younger.

Subd. 2. **Selection criteria.** The agency shall award grants to counties with a significant number or significant growth in the number of homeless families and that agree to focus their emergency response systems on homeless prevention and the securing of permanent or transitional housing for homeless families. The agency shall take into consideration the extent to which the proposed project activities demonstrate ways in which existing resources in an area may be more effectively coordinated to meet the program objectives specified under this section in awarding grants.

Subd. 3. **Set aside.** At least one grant must be awarded in an area located outside of the metropolitan area. A county, a group of contiguous counties jointly acting together, a Tribe, a group of Tribes, or a community-based nonprofit organization may apply for and receive grants for areas located outside the metropolitan area.

Subd. 4. **Project requirements.** Each project must be designed to stabilize families in their existing homes, shorten the amount of time that families stay in emergency shelters, and assist families with securing transitional or permanent affordable housing throughout the grantee's area of operation. Each project must include plans for the following:

(1) use of existing housing stock, including the maintenance of current housing for those at risk;

(2) leveraging of private and public money to maximize the project impact;

(3) coordination and use of existing public and private providers of rental assistance, emergency shelters, transitional housing, and affordable permanent housing;

(4) targeting of direct financial assistance including assistance for rent, utility payments or other housing costs, and support services, where appropriate, to prevent homelessness and repeated episodes of homelessness;

(5) efforts to address the needs of specific homeless populations;

(6) identification of outcomes expected from the use of the grant award; and

(7) description of how the organization will use other resources to address the needs of homeless individuals.

Subd. 5. **Authorized uses of grant.** A grant may be used to prevent or decrease the period of homelessness of families and to decrease the time period that families stay in emergency shelters. Grants may not be used to acquire, rehabilitate, or construct emergency shelters or transitional or permanent housing. Grants may not be used to pay more than 24 months of rental assistance for a family.

Subd. 6. **Advisory committee.** Each grantee shall establish an advisory committee consisting of a homeless advocate, a homeless person or formerly homeless person, a member of the state interagency task force on homelessness, local representatives, if any, of public and private providers of emergency shelter, transitional housing, and permanent affordable housing, and other members of the public not representatives of those specifically described in this sentence. The grantee shall consult on a regular basis with the advisory committee in preparing the project proposal and in the design, implementation, and evaluation of the project. The advisory committee shall assist the grantee as follows:

(1) designing or refocusing the grantee's emergency response system;

(2) developing project outcome measurements; and

(3) assessing the short- and long-term effectiveness of the project in meeting the needs of families who are homeless, preventing homelessness, identifying and developing innovative solutions to the problem of homeless families, and identifying problems and barriers to providing services to homeless families.

Subd. 7. **Reporting requirements.** Each grantee shall submit an annual project report to the state Interagency Task Force on Homelessness. The report must include the actual program results compared to program objectives. The state interagency task force shall report on program activities to all state agencies that provide assistance or services to homeless persons.

Subd. 8. **School stability.** (a) The agency in consultation with the Interagency Council on Homelessness may establish a school stability project under the family homeless prevention and assistance program. The purpose of the project is to secure stable housing for families with school-age children who have moved frequently and for unaccompanied youth. For purposes of this subdivision, "unaccompanied youth" are minors who are leaving foster care or juvenile correctional facilities, or minors who meet the definition of a child in need of services or protection under section 260C.007, subdivision 6, but for whom no court finding has been made pursuant to that statute.

(b) The agency shall make grants to family homeless prevention and assistance projects in communities with a school or schools that have a significant degree of student mobility.

(c) Each project must be designed to reduce school absenteeism; stabilize children in one home setting or, at a minimum, in one school setting; and reduce shelter usage. Each project must include plans for the following:

(1) targeting of families with children who are eligible for a prekindergarten through grade 12 academic program and are living in overcrowded conditions in their current housing; are paying more than 50 percent of their income for rent; or who lack a fixed, regular, and adequate nighttime residence;

(2) targeting of unaccompanied youth in need of an alternative residential setting;

(3) connecting families with the social services necessary to maintain the families' stability in their home, including but not limited to housing navigation, legal representation, and family outreach; and

(4) one or more of the following:

(i) provision of rental assistance for a specified period of time, which may exceed 24 months; or

(ii) provision of support and case management services to improve housing stability, including but not limited to housing navigation and family outreach.

(d) In selecting projects for funding under this subdivision, preference shall be given to organizations granted funding under section 462A.201, subdivision 2, paragraph (a), clause (4).

(e) No grantee under this subdivision is required to have an advisory committee as described in subdivision 6.

History: *1993 c 369 s 137; 1995 c 224 s 102; 1999 c 139 art 4 s 2; 1999 c 223 art 2 s 51; 2001 c 178 art 1 s 44; 1Sp2001 c 4 art 4 s 21; 2016 c 189 art 7 s 39,40; 2017 c 94 art 11 s 6; 2023 c 37 art 4 s 7*

462A.205 MS 2013 Supp [Repealed, 2014 c 161 art 3 s 1]

462A.206 Subdivision 1. MS 2013 Supp [Repealed, 2014 c 161 art 3 s 1]

Subd. 2. MS 2013 Supp [Repealed, 2014 c 161 art 3 s 1]

Subd. 3. MS 2013 Supp [Repealed, 2014 c 161 art 3 s 1]

Subd. 4. MS 2013 Supp [Repealed, 2014 c 161 art 3 s 1]

Subd. 5. MS 1996 [Repealed, 1997 c 200 art 4 s 23]

462A.2065 REPORT ON LOSS OF HOUSING.

Each year, the commissioner shall report to the chair of the house of representatives Housing and Housing Finance Division and to the chair of the senate Jobs, Energy, and Community Development Committee, the information provided in the reports made to the commissioner under section 469.0305.

History: *1997 c 200 art 4 s 15*

462A.207 MS 2000 [Repealed, 1Sp2001 c 4 art 5 s 10]

462A.208 MS 1998 [Repealed, 1999 c 245 art 4 s 120]

462A.209 HOMEOWNERSHIP EDUCATION, COUNSELING, AND TRAINING PROGRAM.

Subdivision 1. **Full cycle homeownership services.** The homeownership education, counseling, and training program shall be used to provide funding to community-based nonprofit organizations and political subdivisions to assist them in building the capacity to provide and providing full cycle homeownership services to low and moderate income home buyers and homeowners, including seniors. The purpose of the program is to encourage private investment in affordable housing and collaboration of nonprofit organizations and political subdivisions with each other and private lenders in providing full cycle homeownership services.

Subd. 2. **Definition.** "Full cycle homeownership services" means supporting eligible home buyers and home owners through all phases of purchasing and keeping a home, by providing prepurchase home buyer education; prepurchase counseling and credit repair; prepurchase and postpurchase property inspection and technical and financial assistance to buyers in rehabilitating the home; postpurchase counseling, including home equity conversion loan counseling, mortgage default counseling, postpurchase assistance with home maintenance, entry cost assistance; foreclosure prevention and assistance; and access to flexible loan products.

Subd. 3. **Eligibility.** The agency shall establish eligibility criteria for nonprofit organizations and political subdivisions to receive funding under this section. The eligibility criteria must require the nonprofit organization or political subdivision to provide, to build capacity to provide, or support full cycle homeownership services for eligible home buyers. The agency may fund a nonprofit organization or political subdivision that will provide full cycle homeownership services by coordinating with one or more other organizations that will provide specific components of full cycle homeownership services. The agency may make exceptions to providing all components of full cycle lending if justified by the application. If there are more applicants requesting funding than there are funds available, the agency shall award the funds on a competitive basis and also assure an equitable geographic distribution of the available funds. The eligibility criteria must require the nonprofit organization or political subdivision to have a demonstrated involvement in the local community and to target the housing affordability needs of the local community or to have demonstrated experience with counseling older persons on housing, or both. The eligibility criteria may include a requirement for specific training provided by designated state or national entities. The agency may also include an eligibility criteria that requires counselor certification or organizational accreditation by specified organizations which provide certification or accreditation services. Partnerships and collaboration with innovative, grass roots, or community-based initiatives shall be encouraged. The agency shall give priority to nonprofit organizations and political subdivisions that have funding from other sources for full

cycle homeownership services. Applicants for funds under section 462A.057 may also apply funds under this program.

Subd. 4. MS 2000 [Repealed, 1Sp2001 c 4 art 5 s 10]

Subd. 5. **Selection criteria.** The agency shall take the following criteria into consideration when determining whether to award funds to an eligible organization:

(1) the extent to which there is an equitable geographic distribution of funds among program applicants;

(2) the prior experience and documented familiarity of the organization, as may be applicable, in establishing, administering, and maintaining some or all of the components of full cycle homeownership services;

(3) the reasonableness of the proposed budget in meeting the program objectives, a demonstrated ability to leverage program money with other sources of funding, and the extent of the leveraging of other sources of funding;

(4) the extent to which efforts are targeted towards households with incomes that do not exceed 80 percent of the state or area median income or underserved segments of the local population; and

(5) the extent to which program funding does not duplicate other efforts currently available in the local area and will enable, expand, or enhance existing activities.

Subd. 6. **Designated areas.** A program administrator must designate specific areas, communities, or neighborhoods within which the program is proposed to be operated for the purpose of focusing resources.

Subd. 7. **Assistance to prevent mortgage foreclosures.** (a) Program assistance and counseling to prevent mortgage foreclosures or cancellations of contract for deeds includes general information, screening, assessment, referral services, case management, advocacy, and financial assistance to borrowers who are delinquent on mortgage or contract for deed payments.

(b) Not more than one-half of funds awarded for foreclosure prevention and assistance activities may be used for mortgage or financial counseling services.

(c) Financial assistance consists of payments for delinquent mortgage or contract for deed payments, future mortgage or contract for deed payments for a period of up to six months, property taxes, assessments, utilities, insurance, home improvement repairs, future rent payments for a period of up to six months, and relocation costs if necessary, or other costs necessary to prevent foreclosure.

(d) The maximum amount of financial assistance an individual or family may receive to prevent a mortgage foreclosure or the cancellation of a contract for deed is 110 percent of the greater of state or applicable metropolitan statistical area median monthly owner cost of owner-occupied housing, as estimated by the United States Census Bureau using data collected in the most recent American Community Survey, multiplied by six.

(e) The agency may require the recipient of financial assistance to enter into an agreement with the agency for repayment. The repayment agreement for mortgages or contract for deed buyers must provide that in the event the property is sold, transferred, or otherwise conveyed, or ceases to be the recipient's principal place of residence, the recipient shall repay all or a portion of the financial assistance. The agency may take into consideration financial hardship in determining repayment requirements. The repayment agreement may be secured by a lien on the property for the benefit of the agency.

Subd. 8. MS 2022 [Repealed, 2024 c 127 art 15 s 54]

History: *1995 c 224 s 106; 1999 c 223 art 2 s 53; 1Sp2001 c 4 art 5 s 3; 2008 c 362 s 1; 1Sp2019 c 1 art 6 s 22*

462A.2091 CONTRACT FOR DEED GUARANTEE ACCOUNT.

Subdivision 1. **Creation.** The contract for deed guarantee account is created as a separate account in the housing development fund. Money in the account is appropriated to the agency for the purposes of this section. The account consists of money appropriated to the account and transferred from other sources and all earnings from money in the account.

Subd. 2. **Account uses.** Money in the account may be used to create a guarantee fund for the refinancing of contracts for deed.

Subd. 3. **Eligible property.** Contracts for deed eligible for refinancing with guarantee fund assistance must be for the purchase of an owner-occupied single-family or duplex structure. In a city of the first class in the metropolitan area, eligible properties must be located in an area in which at least one census tract meets at least three of the following four criteria:

(1) at least 70 percent of the housing structures were built before 1960;

(2) at least 60 percent of the single-family housing is owner-occupied;

(3) the median market value of the area's owner-occupied housing, as recorded in the most recent federal decennial census, is not more than 100 percent of the purchase price limit for existing homes eligible for purchase in the area under the agency's home mortgage loan program; and

(4) between 1980 and 1990, the rate of owner occupancy of residential properties in the area declined by at least five percent, or at least 80 percent of the residential properties in the area are rental properties.

The area must include eight blocks in any direction from the census tract. Priority must be given for property located in an area that meets all four criteria.

History: *1995 c 224 s 107; 1Sp2001 c 4 art 4 s 24*

462A.2092 MS 2013 Supp [Repealed, 2014 c 161 art 3 s 1]

462A.2093 INNOVATIVE AND INCLUSIONARY HOUSING PROGRAM.

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given them in this subdivision.

(a) "Municipality" means a town or a statutory or home rule city.

(b) "Nonmetropolitan" means the area of the state outside of the metropolitan area.

(c) "Inclusionary housing development" means a new construction development including owner-occupied or rental housing, or a combination of both, with a variety of prices and designs which serve families with a range of incomes and housing needs.

Subd. 2. **Application criteria.** The commissioner must give preference to economically viable proposals to the degree that they: (1) use innovative building techniques or materials to lower construction costs while maintaining high quality construction and livability; (2) are located in communities that have demonstrated a willingness to waive local restrictions which otherwise would increase costs of construction; and (3) include

units affordable to households with incomes at or below 80 percent of the greater of state or area median income.

Cost savings from regulatory incentives must be reflected in the sale of all residences in an inclusionary housing development.

History: *1999 c 223 art 2 s 54; 1Sp2001 c 4 art 4 s 25*

462A.2095 RENT ASSISTANCE PROGRAM.

Subdivision 1. **Program established.** (a) The state rent assistance account is established as a separate account in the housing development fund. Money in the account is appropriated to the agency for grants to program administrators for the purposes specified in this section.

(b) Money deposited in the account under section 297A.9925 is for grants to program administrators in the metropolitan counties as defined in section 473.121, subdivision 4.

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

(b) "Eligible household" means a household with an annual income of up to 50 percent of the area median income as determined by the United States Department of Housing and Urban Development, adjusted for family size, that is paying more than 30 percent of the household's annual income on rent. Eligibility is determined at the time a household first receives rent assistance under this section. Income shall be recertified every year thereafter for the purposes of determining the amount of rent assistance under subdivision 4. Eligible household does not include a household receiving federal tenant-based or project-based assistance under Section 8 of the United States Housing Act of 1937, as amended.

(c) "Program administrator" means:

(1) a housing and redevelopment authority or other local government agency or authority that administers federal tenant-based or project-based assistance under Section 8 of the United States Housing Act of 1937, as amended;

(2) a Tribal government or Tribally Designated Housing Entity; or

(3) if there is no entity under clause (1) or (2) with the capacity to administer the program, a nongovernmental organization determined by the agency to have the capacity to administer the program.

Subd. 3. **Grants to program administrators.** (a) The agency may make grants to program administrators to provide rental assistance for eligible households. Notwithstanding section 16C.06, the commissioner may use a formula to determine award amounts to program administrators. For both tenant-based and project-based assistance, program administrators shall pay assistance directly to housing providers. Rental assistance may be provided in the form of tenant-based assistance or project-based assistance. Notwithstanding the amounts awarded under subdivision 1, paragraph (b), and to the extent practicable, the agency must make grants statewide in proportion to the number of households eligible for assistance in each county according to the most recent American Community Survey of the United States Census Bureau. The agency may, at its discretion, redistribute unused or underutilized funds among eligible program administrators to increase program efficiency and effectiveness.

(b) The program administrator may use its existing procedures to administer the rent assistance program or may develop alternative procedures with the goals of reaching households most in need and incentivizing landlord participation. The agency must approve a program administrator's alternative procedures. Priority for rental assistance shall be given to households with children 18 years of age and under, and annual incomes

of up to 30 percent of the area median income. Program administrators may establish additional priority populations based on local need.

Subd. 4. **Amount of rent assistance.** A program administrator may provide tenant-based or project-based vouchers in amounts equal to the difference between 30 percent of household income and the rent charged, plus an allowance for utilities if not included in rent. A program administrator may not provide assistance that is more than the difference between 30 percent of the tenant's gross income and 120 percent of the payment standard, plus utilities, as established by the local public housing authority, unless otherwise authorized by the agency.

Subd. 5. **Administrative fees.** The agency shall consult with public housing authorities to determine the amount of administrative fees, including start-up costs, to pay to program administrators.

Subd. 6. **Rent assistance not income.** (a) Notwithstanding any law to the contrary, payments under this section must not be considered income, assets, or personal property for purposes of determining eligibility or recertifying eligibility for state public assistance, including but not limited to:

(1) child care assistance programs under chapter 142E;

(2) food support under chapter 142F;

(3) general assistance and Minnesota supplemental aid under chapter 256D;

(4) housing support under chapter 256I;

(5) Minnesota family investment program and diversionary work program under chapter 142G; and

(6) economic assistance programs under chapter 256P.

(b) The commissioner of human services must not consider rent assistance grant money under this section as income or assets under section 256B.056, subdivision 1a, paragraph (a); subdivision 3; or subdivision 3c, or for persons with eligibility determined under section 256B.057, subdivision 3, 3a, or 3b.

Subd. 7. **Oversight.** The agency may direct program administrators to comply with applicable sections of Code of Federal Regulations, title 24, parts 982 and 983.

History: *2023 c 37 art 2 s 2; 2024 c 80 art 5 s 7; art 7 s 12; 2025 c 21 s 86; 2025 c 32 art 3 s 4,5*

462A.2096 ANNUAL PROJECTION OF EMERGENCY RENTAL ASSISTANCE NEEDS.

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

History: *2024 c 127 art 16 s 1; 2025 c 20 s 269*

462A.2097 RENTAL HOUSING.

The agency may establish a tenant-based or project-based rental housing assistance program for persons of low income or for persons with a mental illness or families that include an adult family member with a mental illness. Rental assistance may be in the form of direct rental subsidies for housing for persons or families with incomes, at the time of initial occupancy, of up to 50 percent of the area median income as determined by the United States Department of Housing and Urban Development, adjusted for families of five or more. Housing for the mentally ill must be operated in coordination with social service providers who provide services requested by tenants. Direct rental subsidies must be administered by the agency for the benefit of eligible tenants. Financial assistance provided under this section must be in the form of vendor payments whenever possible.

History: *1995 c 224 s 108; 1Sp2001 c 4 art 4 s 26*

462A.21 HOUSING DEVELOPMENT FUND; ADVANCES, USE REPAYMENT.

Subdivision 1. **Purposes.** The agency may use the moneys held in the housing development fund for the purposes provided in this section.

Subd. 2. **Loans to nonprofit sponsors.** It may make temporary loans to "nonprofit" sponsors to defray development costs, as provided by section 462A.05, subdivision 5. Each such loan shall be repaid in full by the borrower to the agency concurrent with the initial endorsement of such borrower's eligible construction loan, unless the authority extends the period for the repayment of the advances. In no event shall the time of repayment be extended later than the date of the final endorsement of the eligible mortgage loan. If no permanent financing is obtained the loan shall be repaid in accordance with such terms and conditions as the agency has prescribed by rule.

Subd. 3. **Planning grants.** It may make planning grants to local communities, pursuant to rules promulgated by the agency, in such amounts as the agency determines, not to exceed the net costs, exclusive of any federal or other aid or assistance, as are incurred by the local community in planning for land and building acquisition, improvements, renewal, relocation or conservation. Such grants shall be limited to planning for specific sites upon which housing is, or is to be, situated and sites designated for other uses that are reasonably related to such housing.

Subd. 3a. **Capacity building revolving loan fund.** It may establish a revolving loan fund for predevelopment costs for nonprofit organizations and local government units engaged in the construction or rehabilitation of low- and moderate-income housing, and for the purposes specified in sections 462A.05, subdivision 5; and 462A.07, subdivisions 2, 3, 3a, 5, 5a, 6, 7, 11, and 16. The agency may delegate the authority to administer the revolving loan fund for designated areas in the state to existing nonprofit organizations. For purposes of the authority to administer the revolving loan fund under this subdivision, a nonprofit organization includes a private nonprofit corporation that is formed under laws other than the laws of this state, provided that the nonprofit corporation has an office located in this state. Nonprofit entities selected to exercise such delegated powers must have sufficient professional housing development expertise, as determined by the agency, to evaluate the economic feasibility of an applicant's proposed project. Loans to nonprofit organizations or local government units under this subdivision may be made with or without interest as determined by the agency.

Subd. 3b. **Capacity building grants.** It may make capacity building grants to nonprofit organizations, local government units, Indian Tribes, and Indian Tribal organizations to expand their capacity to provide affordable housing and housing-related services. The grants may be used to assess housing needs and to develop and implement strategies to meet those needs, including but not limited to the creation or preservation

of affordable housing, prepurchase and postpurchase counseling and associated administrative costs, and the linking of supportive services to the housing. The agency shall adopt rules, policies, and procedures specifying the eligible uses of grant money. Funding priority may be given to those applicants that include low-income persons in their membership, have provided housing-related services to low-income people, and demonstrate a local commitment of local resources, which may include in-kind contributions.

Subd. 4. **Special fund.** It may pay all costs and expenses of financing not paid out of a special fund created by a resolution or indenture securing notes or bonds.

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

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

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

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

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

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

Subd. 4b. **Establishment of loan funds.** It may establish loan funds and may make eligible loans from them, at rates of interest and with security as the agency deems advisable, if each loan is determined by the agency to be necessary to permit the occupant of residential housing financed wholly or in part by the loan to meet the occupant's housing costs without expending an unreasonable portion of the occupant's income on them. It may combine loan funds established pursuant to legislative appropriations with loan funds established for the same or similar purposes pursuant to the sale of its notes or bonds, and such combined funds may be deposited with a trustee. Portions of these funds derived from appropriations or the sale of its notes or bonds may be set aside as reserves against losses on loans to be made from the combined funds. Each combined fund, including loan and investment principal and income received therefrom, shall be administered, disbursed, and collected as provided in the appropriation act and the resolution or indenture securing the bonds or notes.

Subd. 4c. **Loans to American Indians.** It may establish a revolving loan fund and may make eligible loans, pursuant to subdivision 4b, to American Indians as provided in section 462A.07, subdivision 14, and may pay the costs and expenses necessary and incidental to the development and operation of such programs.

Subd. 4d. **Loans to urban American Indians.** It may expend moneys for the purpose of section 462A.07, subdivision 15, including the establishment of revolving loan funds for programs for urban American Indians, and may pay the costs and expenses necessary and incidental to the development and operation of the programs.

Subd. 4e. **Grants for residential multiunit housing.** It may expend money for the purpose of section 462A.05, subdivision 2a, and pay the costs and expenses necessary and incidental to the development and operation of the grant program authorized therein.

Subd. 4f. **Accessibility grants.** It may make grants for the purpose of section 462A.05, subdivision 15a and may pay the costs and expenses necessary and incidental to the development and operation of the housing accessibility program.

Subd. 4g. **Energy conservation grants.** It may make emergency energy conservation grants as provided in section 462A.05, subdivision 15b and may pay the costs and expenses necessary and incidental to the development of the emergency energy conservation grant program.

Subd. 4h. **Loans to veterans.** It may create a revolving fund to be used to make loans for the purpose of section 462A.05, subdivision 19, and pay the costs and expenses necessary and incidental to the development and operation of the loan program authorized therein.

Subd. 4i. **Rehabilitation loans.** It may establish a revolving loan fund for the purpose of section 462A.05, subdivision 14a and may pay the costs and expenses necessary and incidental to the development and operation of the loan program authorized therein.

Subd. 4j. **Insuring financial institution loans.** It may expend money for the purposes of section 462A.05, subdivision 23, and may pay the costs and expenses for the development and operation of the program.

Subd. 4k. MS 1996 [Repealed, 1997 c 200 art 4 s 23]

Subd. 4l. **Loan coinsurance.** It may expend money for the purposes of section 462A.05, subdivision 33, and may pay the costs and expenses for the development and operation of the program.

Subd. 5. MS 2024 [Repealed, 2026 c 100 art 3 s 15]

Subd. 6. **Limitation on certain grants.** Notwithstanding the provisions of subdivision 5, the agency shall not expend money in the fund for the purpose of making rehabilitation or accessibility grants except by specific appropriation by the legislature or by transfer of unencumbered account balances as provided by section 462A.20, subdivision 3.

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

Subd. 8. **Home ownership assistance fund.** It may establish a home ownership assistance fund, on terms and conditions it deems advisable, to assist persons and families of low and moderate income in the purchase of affordable residential housing and may use the funds to provide loans, additional security for eligible loans or to pay costs associated with or provide additional security for bonds issued by the agency.

Subd. 8a. **Multifamily development assistance fund.** It may establish a multifamily development assistance fund, on terms and conditions it deems advisable, to be used in connection with the financing of multifamily developments (a) to make loans, with or without interest, pursuant to section 462A.05, subdivisions 2 and 3, or (b) to make payments into accounts of the agency for the purpose of making payments required by a resolution for the issuance of its notes or bonds, as permitted by section 462A.10, subdivision 4.

Subd. 8b. **Family rental housing.** It may establish a family rental housing assistance program to provide loans or direct rental subsidies for housing for families with incomes of up to 80 percent of state median income, or to provide grants for the operating cost of public housing. Priority must be given to those developments with resident families with the lowest income. The development may be financed by the agency or other public or private lenders. Direct rental subsidies must be administered by the agency for the benefit of eligible families. Financial assistance provided under this subdivision to recipients of aid to families with dependent children must be in the form of vendor payments whenever possible. Loans, grants, and direct rental subsidies under this subdivision may be made only with specific appropriations by the legislature. The limitations on eligible mortgagors contained in section 462A.03, subdivision 13, do not apply to loans for the rehabilitation of existing housing under this subdivision.

Subd. 8c. MS 1994 [Repealed, 1995 c 224 s 126]

Subd. 8d. **Authorized leverage of money.** The agency may leverage federal program money with program money from the family rental housing assistance program established under subdivision 8b and the rental housing assistance program established under subdivision 8c.

Subd. 9. **Innovative housing loans.** It may make loans to encourage innovations in the development or rehabilitation of single or multifamily residential housing pursuant to section 462A.05, subdivision 18.

Subd. 9a. **Revolving fund.** It may create a revolving fund to be used to make loans to encourage innovative multifamily housing pursuant to section 462A.05, subdivision 18a.

Subd. 10. **Certain appropriations available until expended.** Notwithstanding section 16A.28 or any other law relating to lapse of an appropriation, the appropriations made to the agency by the legislature in 1976 and subsequent years are available until fully expended, and the allocations provided in the appropriations remain in effect. Earnings from investments of any of the amounts appropriated to the agency are appropriated to the agency to be used for the same purposes as the respective original appropriations or for the purposes provided in section 462A.20, subdivision 5, after payment of the costs and expenses necessary and incidental to the development and operation of all programs funded by state appropriations.

Subd. 11. MS 1980 [Repealed, 1981 c 306 s 20]

Subd. 12. MS 1996 [Repealed, 1997 c 200 art 4 s 23]

Subd. 12a. **Program money transfer.** Unencumbered balances of money appropriated for the purpose of loans or grants for agency programs under these subdivisions may be transferred between programs created by these subdivisions or in accordance with section 462A.20, subdivision 3. The commissioner must inform the chairs and ranking minority members of the legislative committees with jurisdiction over housing finance and policy in writing prior to making a transfer pursuant to this subdivision. The written notice must include how much money will be transferred, why the transfer will be made, and when the transfer will occur. The written notice must also be filed with the Legislative Reference Library in compliance with section 3.195.

Subd. 13. **Accessibility programs.** It may spend money for the purposes of section 462A.05, subdivisions 14, 14a, and 24, and may pay the costs and expenses necessary and incidental to the development and operation of the programs authorized in those subdivisions.

Subd. 14. MS 1996 [Repealed, 1997 c 200 art 4 s 23]

Subd. 15. MS 2013 Supp [Repealed, 2014 c 161 art 3 s 1]

Subd. 16. **Residential lead paint and lead-contaminated soil abatement.** It may make loans or grants for the purpose of the abatement of hazardous levels of lead paint in residential buildings and lead-contaminated soil under section 462A.05, subdivision 15c, and may pay the costs and expenses necessary and incidental to the development and operation of the program.

Subd. 17. MS 2000 [Repealed, 1Sp2001 c 4 art 5 s 10]

Subd. 18. **Family homeless prevention and assistance.** The agency may spend money for the purposes of section 462A.204 and may pay the costs and expenses necessary and incidental to the development and operation of the program.

Subd. 19. MS 1999 Supp [Repealed, 2000 c 260 s 97]

Subd. 20. **Community development corporations.** It may make grants to and enter into contracts with community development corporations under section 116J.982, and may pay the costs and expenses for the development and operation of the program.

Subd. 21. MS 2013 Supp [Repealed, 2014 c 161 art 3 s 1]

Subd. 22. **Contract for deed guarantee program.** It may expend money for the purposes of section 462A.2091 and may pay the costs and expenses necessary and incidental to the development and operation of the program authorized by section 462A.2091.

Subd. 23. **Rental housing.** The agency may spend money for the purposes of the rental housing program authorized under section 462A.2097, and may pay the costs and expenses necessary and incidental to the development and operation of the program.

Subd. 24. MS 2013 Supp [Repealed, 2014 c 161 art 3 s 1]

Subd. 25. MS 2013 Supp [Repealed, 2014 c 161 art 3 s 1]

Subd. 26. **Full cycle home ownership services.** The agency may spend money for the purposes of section 462A.209 and may pay the costs and expenses necessary and incidental to the development and operation of the program.

Subd. 27. **Economic development and housing challenge program.** The agency may spend money for the purposes of section 462A.33 and may pay the costs and expenses necessary and incidental to the development and operation of the program.

Subd. 28. MS 2013 Supp [Repealed, 2014 c 161 art 3 s 1]

Subd. 29. **Disaster relief contingency fund.** It may establish a disaster relief contingency fund to provide loans or grants, on terms and conditions it deems advisable, to assist with the rehabilitation or replacement of housing damaged as a result of a natural disaster in areas of the state designated under presidential declarations of a major disaster. It may transfer to the disaster relief contingency fund any repayments of

grants or loans made from appropriations specifically for assistance after natural disasters in areas of the state designated under a presidential declaration of a major disaster.

Subd. 30. **Manufactured home park redevelopment.** The agency may spend money for the purposes of section 462A.2035 and may pay costs and expenses necessary and incidental to the development and operation of the program.

Subd. 31. **Manufactured housing relocation trust fund.** The agency may spend money for the purposes of sections 327C.095, subdivisions 12 and 13; and 462A.35 and may pay the costs and expenses necessary and incidental to the development and operation of the fund under section 462A.35.

Subd. 32. **Nonprofit housing bond account.** The agency may establish a nonprofit housing bond account as a separate account within the housing development fund. Proceeds of nonprofit housing bonds and payments made by the state under section 462A.36 may be credited to the account. The agency may transfer the proceeds of nonprofit housing bonds to another account within the housing development fund that it determines appropriate to accomplish the purposes for which the bonds are authorized under section 462A.36.

Subd. 33. **Housing infrastructure bond account.** The agency may establish a housing infrastructure bond account as a separate account within the housing development fund. Proceeds of housing infrastructure bonds and payments made by the state under section 462A.37 may be credited to the account. The agency may transfer the proceeds of housing infrastructure bonds to other accounts within the housing development fund that it determines appropriate to accomplish the purposes for which the bonds are authorized under section 462A.37.

History: *1971 c 702 s 21; 1973 c 515 s 36-38; 1974 c 441 s 19-25; 1976 c 254 s 10-12; 1977 c 401 s 15-19; 1978 c 670 s 2; 1979 c 50 s 61; 1979 c 243 s 10,11; 1979 c 327 s 4,7-9; 1980 c 579 s 21; 1980 c 593 s 5,6; 1980 c 614 s 150; 1981 c 306 s 11,12; 1983 c 185 s 9,10; 1983 c 301 s 208,209; 1Sp1985 c 13 s 343,344; 1986 c 444; 1Sp1986 c 3 art 1 s 58; 1987 c 404 s 176; 1988 c 689 art 2 s 235; 1989 c 270 s 13-15; 1989 c 328 art 1 s 10-17; 1990 c 429 s 5-7; 1991 c 292 art 9 s 28-31; 1993 c 236 s 16,17; 1993 c 369 s 140-143; 1994 c 586 s 8; 1995 c 224 s 109-115; 1997 c 200 art 4 s 21; 1998 c 389 art 16 s 19; 1999 c 86 art 1 s 71; 1999 c 211 s 12; 1999 c 223 art 2 s 55; 1Sp2001 c 4 art 4 s 27-31; art 5 s 4; 2003 c 61 s 4; 2005 c 56 s 1; 2007 c 135 art 8 s 6; 2007 c 141 s 7; 2008 c 179 s 50; 2012 c 293 s 35; 2022 c 55 art 3 s 5; 2023 c 37 art 4 s 8; 2024 c 127 art 15 s 15; 2026 c 100 art 3 s 10,11*

462A.22 BOND FUND.

Subdivision 1. **Agency debt capacity.** The aggregate principal amount of general obligation bonds and notes which are outstanding at any time, excluding the principal amount of any bonds and notes refunded by the issuance of new bonds or notes, shall not exceed the sum of $9,000,000,000.

Subd. 1a. MS 1982 [Repealed, 1983 c 185 s 15]

Subd. 2. **Limit is not a contract.** Subdivision 1 is not a contract with the holders of any bonds or notes excluding the issuance of bonds or notes in excess of said maximum amount, if such maximum shall be increased by law.

Subd. 3. **Debt service reserve funds.** The agency may create and establish a special fund or funds for the security of one or more or all series of its bonds or notes, which funds shall be known as debt service reserve funds. The agency may pay into each debt service reserve fund (a) any moneys appropriated by the state only for the purposes of such fund, (b) any proceeds of sale of bonds or notes to the extent provided in the resolution or indenture authorizing the issuance thereof, (c) any funds directed to be transferred by

the agency to such debt service reserve fund, and (d) any other moneys made available to the agency only for the purpose of such fund from any other source or sources.

Subd. 4. **Solely for bonds, notes; exception.** The moneys held in or credited to each debt service reserve fund, except as provided in this section, shall be used solely for the payment of the principal of bonds or notes of the agency as the same mature, the purchase of such bonds or notes, the payment of interest thereon, or the payment of any premium required when such bonds or notes are redeemed before maturity; provided, that moneys in any such fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of the fund to less than the amount which the agency shall determine to be reasonably necessary for the purposes of the fund, except for the purpose of paying principal or interest due on bonds or notes secured by the fund, for the payment of which other moneys of the agency are not available.

Subd. 5. **Investments.** Moneys in any debt service reserve fund not required for immediate use or disbursement may be invested in accordance with the provisions of section 462A.18, subdivision 2.

Subd. 6. **No similar bonds unless minimum in funds.** If the agency shall create and establish a debt service reserve fund for the security of any series of bonds or notes, it shall not issue any additional bonds or notes which are similarly secured if the amount of any of the debt service reserve funds at the time of such issuance does not equal or exceed the minimum amount, if any, required by the resolution creating such fund, unless the agency shall deposit in each such fund at the time of such issuance, from the proceeds of the bonds or notes or otherwise, an amount which, together with the amount then in the fund, will be not less than the minimum amount so required.

Subd. 7. **Transfer of excess.** To the extent consistent with the resolutions and indentures securing outstanding bonds and notes, the agency may periodically transfer to any other fund or account from any debt service reserve fund, any excess in that fund over the amount deemed by the agency to be reasonably necessary for the purpose of the fund.

Subd. 8. **Annual certificate of minimum needed for budget.** In order to assure the payment of the principal of and interest on bonds and notes of the agency and the continued maintenance of all debt service reserve funds created and established therefor, the agency shall annually determine and certify to the governor, on or before December 1, (a) the amount, if any, then needed to restore each debt service reserve fund to the minimum amount required by the resolution or indenture establishing the fund, not exceeding the maximum amount of principal and interest to become due and payable in any subsequent year on all bonds or notes which are then outstanding and secured by such fund; and (b) the amount, if any, determined by the agency to be needed in the then immediately ensuing fiscal year, with other funds pledged and estimated to be received during that year, for the payment of the principal and interest due and payable in that year on all then outstanding bonds and notes secured by a debt service reserve fund the amount of which is then less than the minimum amount agreed. The governor shall include and submit to the legislature, in the budget for the following fiscal year, or in a supplemental budget if the regular budget for that year has previously been approved, the amounts certified by the agency in accordance with this subdivision.

Subd. 9. **Biennial report.** The agency shall also submit a biennial report of its activities and receipts, and a plan for the next biennium, to the governor and the legislature on or before February 15 in each odd-numbered year. The report shall include: (1) the distribution of money under each agency program by county, except for counties containing a city of the first class, where the distribution shall be reported by municipality; and (2) the cost per unit of housing and the cost per square foot of housing financed under each agency program.

In addition, the report shall include the cost to the agency of the issuance of its bonds for each issue in the biennium, along with comparable information for other state housing finance agencies.

Subd. 10. **Audits.** All of the books and records of the agency shall be subject to audit by the legislative auditor in the manner prescribed for other agencies of state government. The agency is authorized also to employ and to contract in its resolutions and indentures for the employment of public accountants for the audit of books and records pertaining to any fund or funds.

History: *1971 c 702 s 22; 1973 c 492 s 14; 1973 c 515 s 39; 1974 c 441 s 26; 1976 c 254 s 13; 1977 c 347 s 60; 1977 c 401 s 20-22; 1979 c 327 s 10-12; 1980 c 509 s 169; 1981 c 306 s 13; 1983 c 185 s 11,12; 1983 c 317 s 3; 1985 c 6 s 1; 1Sp1985 c 14 art 8 s 20; 1986 c 444; 1991 c 292 art 9 s 32; 1992 c 511 art 9 s 15; 1992 c 522 s 36; 2003 c 61 s 5,6; 2008 c 300 s 42; 2008 c 363 art 10 s 23; 1Sp2019 c 1 art 6 s 23; 2023 c 37 art 3 s 1; 2023 c 62 art 2 s 113; 2024 c 127 art 15 s 16*

HOUSING TAX CREDITS

462A.221 DEFINITIONS.

Subdivision 1. **Terms.** For purposes of sections 462A.221 to 462A.225, the following terms have the meanings given them.

Subd. 1a. **Allocating agency.** "Allocating agency" means the Minnesota Housing Finance Agency and each county and city that allocates reserved tax credits as provided under section 462A.222, subdivision 1.

Subd. 1b. **Allocation.** An "allocation" is considered to have been made either when Part I of Internal Revenue Service Form 8609, Low-Income Housing Credit Allocation Certification, is completed and signed by an authorized official of the allocating agency and mailed to the owner of the qualified low-income building or when the allocating agency issues a carryover.

Subd. 2. **City.** "City" means a statutory or home rule charter city.

Subd. 2a. **Commitment.** "Commitment" means a nontransferable, legally binding agreement between an allocating agency and a developer for the use of tax credits.

Subd. 3. **Housing and redevelopment authority.** "Housing and redevelopment authority" means a housing and redevelopment authority established pursuant to section 469.003, or other law, or any other municipal department, agency, or authority which exercises the powers of a housing and redevelopment authority pursuant to section 469.003 or other law.

Subd. 4. MS 2000 [Repealed, 1Sp2001 c 4 art 4 s 39]

Subd. 5. **Substantial rehabilitation.** "Substantial rehabilitation" means rehabilitation of at least $5,000 per unit.

History: *1987 c 350 s 12; 1989 c 209 art 2 s 1; 1990 c 368 s 1-3; 1993 c 164 s 1,2*

462A.222 LOW-INCOME HOUSING CREDITS.

Subdivision 1. **Credit reservations.** The agency shall reserve a portion of the annual state ceiling for low-income housing credits provided under section 42 of the Internal Revenue Code of 1986, as amended, to (1) cities with a population of at least 50,000 that have a housing and redevelopment authority; (2) cities located in three or more counties that have a housing and redevelopment authority; and (3) counties with a population of 100,000 or more that have a housing and redevelopment authority. A city or county is eligible

to receive a reserved portion of the state ceiling under this subdivision if it submits a written request to the agency within 45 days after June 2, 1987, to act as a designated housing credit agency as provided in section 42 of the Internal Revenue Code of 1986, as amended. A city or county may designate its housing and redevelopment authority as the agency to receive reserved low-income housing credits on behalf of the city or county. The city of Minneapolis or the city of Saint Paul may designate the Minneapolis/Saint Paul Housing Finance Board to receive reserved low-income housing credits on behalf of each city.

Subd. 1a. **Determination of regional credit pools.** The agency shall divide the annual per capita amount used in determining the state ceiling for low-income housing tax credits provided under section 42 of the Internal Revenue Code of 1986, as amended, into a metropolitan pool and a greater Minnesota pool. The metropolitan pool shall serve the metropolitan area. The greater Minnesota pool shall serve the remaining counties of the state. The percentage of the annual per capita amount allotted to each pool must be determined as follows:

(a) The percentage set-aside for projects involving a qualified nonprofit organization as provided in section 42 of the Internal Revenue Code of 1986, as amended, must be deducted from the annual per capita amount used in determining the state ceiling.

(b) Of the remaining amount, the metropolitan pool must be allotted a percentage equal to the metropolitan counties' percentage of the total number of state recipients of the Minnesota family investment program, general assistance, Minnesota supplemental aid, and Supplemental Security Income in the state, as reported annually by the Department of Human Services. The greater Minnesota pool must be allotted the amount remaining after the metropolitan pool's percentage has been allotted.

The set-aside for qualified nonprofit organizations must be divided between the two regional pools in the same percentage as determined for the credit amounts above.

Subd. 2. **Credit formula.** The agency shall reserve to each eligible city and county a percentage amount from the appropriate regional pool equal to the city's or county's percentage share of the total population of the counties comprising the pool and multiplied, in 1990 by 1.25. After calendar year 1990, the agency shall allocate tax credits among eligible cities and counties based on the distribution plan established under subdivision 4. For purposes of this subdivision, the state demographer shall provide population estimates to the agency.

Subd. 3. **Allocation procedure.** (a) Projects will be awarded tax credits in two competitive rounds on an annual basis. The date for applications for each round must be determined by the agency. No allocating agency may award tax credits prior to the application dates established by the agency.

(b) Each allocating agency must meet the requirements of section 42(m) of the Internal Revenue Code of 1986, as amended through December 31, 1989, for the allocation of tax credits and the selection of projects.

(c) For projects that are eligible for an allocation of credits pursuant to section 42(h)(4) of the Internal Revenue Code of 1986, as amended, tax credits may only be allocated if the project satisfies the requirements of the allocating agency's qualified allocation plan. For projects that are eligible for an allocation of credits pursuant to section 42(h)(4) of the Internal Revenue Code of 1986, as amended, for which the agency is the issuer of the bonds for the project, or the issuer of the bonds for the project is located outside the jurisdiction of a city or county that has received reserved tax credits, the applicable allocation plan is the agency's qualified allocation plan.

(d) To maximize the resources available for and increase the supply of affordable housing in Minnesota by leveraging the benefits to Minnesota from the use of tax-exempt bonds to finance multifamily housing

and to allow local units of government more flexibility to address specific affordable housing needs in their communities, the agency shall make residential rental housing projects financed with an allocation of tax-exempt bonds under chapter 474A the highest strategic priority for tax credits under the agency's qualified allocation plan under section 42(m)(1)(D) of the Internal Revenue Code of 1986, as amended.

(e) For applications submitted for the first round, an allocating agency may allocate tax credits only to the following types of projects:

(1) in the metropolitan area:

(i) new construction or substantial rehabilitation of projects in which, for the term of the extended use period, at least 75 percent of the total tax credit units are single-room occupancy, efficiency, or one bedroom units and which are affordable by households whose income does not exceed 30 percent of the median income;

(ii) new construction or substantial rehabilitation family housing projects that are not restricted to persons who are 55 years of age or older and in which, for the term of the extended use period, at least 75 percent of the tax credit units contain two or more bedrooms and at least one-third of the 75 percent contain three or more bedrooms; or

(iii) substantial rehabilitation projects in neighborhoods targeted by the city for revitalization;

(2) outside the metropolitan area, projects which meet a locally identified housing need and which are in short supply in the local housing market as evidenced by credible data submitted with the application;

(3) projects that are not restricted to persons of a particular age group and in which, for the term of the extended use period, a percentage of the units are set aside and rented to persons:

(i) with a serious and persistent mental illness as defined in section 245.462, subdivision 20, paragraph (c);

(ii) with a developmental disability as defined in United States Code, title 42, section 6001, paragraph (5), as amended through December 31, 1990;

(iii) who have been assessed as drug dependent persons as defined in section 254A.02, subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in section 254A.02, subdivision 2;

(iv) with a brain injury as defined in section 256B.093, subdivision 4, paragraph (a); or

(v) with permanent physical disabilities that substantially limit one or more major life activities, if at least 50 percent of the units in the project are accessible as provided under Minnesota Rules, chapter 1340;

(4) projects, whether or not restricted to persons of a particular age group, which preserve existing subsidized housing, if the use of tax credits is necessary to prevent conversion to market rate use or to remedy physical deterioration of the project which would result in loss of existing federal subsidies; or

(5) projects financed by the Farmers Home Administration, or its successor agency, which meet statewide distribution goals.

(f) Before the date for applications for the final round, the allocating agencies other than the agency shall return all uncommitted and unallocated tax credits to a unified pool for allocation by the agency on a statewide basis.

(g) Unused portions of the state ceiling for low-income housing tax credits reserved to cities and counties for allocation may be returned at any time to the agency for allocation.

(h) If an allocating agency determines, at any time after the initial commitment or allocation for a specific project, that a project is no longer eligible for all or a portion of the low-income housing tax credits committed or allocated to the project, the credits must be transferred to the agency to be reallocated pursuant to the procedures established in paragraphs (f) to (h); provided that if the tax credits for which the project is no longer eligible are from the current year's annual ceiling and the allocating agency maintains a waiting list, the allocating agency may continue to commit or allocate the credits until not later than the date of applications for the final round, at which time any uncommitted credits must be transferred to the agency.

Subd. 4. **Distribution plan.** (a) By October 1, 1990, the Metropolitan Council, in consultation with the agency and representatives of local government and housing and redevelopment authorities, shall develop and submit to the agency a plan for allocating tax credits in 1991 and thereafter in the metropolitan area, based on regional housing needs and priorities. The agency may amend the distribution plan after consultation with the Metropolitan Council, representatives of local governments, and housing and redevelopment authorities.

(b) By October 1, 1990, the agency, in consultation with representatives of local government and housing and redevelopment authorities, shall develop a plan for allocating tax credits in 1991 and thereafter in greater Minnesota, based on regional housing needs and priorities. The agency may amend the distribution plan after consultation with representatives of local governments and housing and redevelopment authorities.

(c) In preparing the distribution plans, the Metropolitan Council and the agency shall estimate the number of households in the metropolitan area and in greater Minnesota, respectively, who are paying more than 50 percent of their income for rent and the cost of providing sufficient rental or other assistance so that no household pays more than 50 percent of its income for rent. In addition, the Metropolitan Council and the agency shall identify the nature and scope of existing programs which primarily serve families at 60 percent of the median income and individuals at 30 percent of the median income.

History: *1987 c 350 s 13; 1988 c 542 s 6; 1990 c 368 s 4-7; 1990 c 552 s 1; 1991 c 292 art 9 s 33; 1993 c 164 s 3; 1994 c 586 s 9; 1996 c 362 s 1-4; 1998 c 389 art 14 s 5; 1999 c 159 s 131; 1999 c 211 s 13; 1Sp2001 c 4 art 4 s 32; 2018 c 214 art 3 s 1; 1Sp2019 c 1 art 6 s 24*

462A.223 MINNESOTA HOUSING FINANCE AGENCY; DESIGNATED AGENCY.

Subdivision 1. **Credits to qualified nonprofit organizations.** The agency is designated as a housing credit agency with authority to provide low-income housing credits for projects involving qualified nonprofit organizations under sections 501(c)(3) and 501(c)(4) of the Internal Revenue Code of 1986. The agency shall provide the ten percent minimum amount of the state ceiling required by section 42 of the Internal Revenue Code of 1986 for application to such projects.

Subd. 2. **Designated agency.** The agency is designated as a housing credit agency to allocate the portion of the state ceiling for low-income housing tax credits (1) not reserved to cities and counties under section 462A.222; (2) not accepted for allocation by eligible cities and counties; (3) returned to the agency for allocation; and (4) not otherwise reserved to the agency for allocation under subdivision 1. Low-income housing tax credits shall be allocated by the agency as provided in section 462A.222. The agency shall make no allocation for projects located within the jurisdiction of the cities or counties that have received tax credits under section 462A.222, subdivision 1, except from the percentage set-aside for projects involving a qualified nonprofit organization as provided under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1989, until the amounts reserved to the cities and counties for allocation have been

allocated or committed or returned to the agency for allocation. In order that all of a project's credits are allocated by a single allocating agency, the agency may apportion additional tax credits to a city or county that has received tax credits under section 462A.222, subdivision 1, for a project that has already received a commitment or allocation of tax credits from an eligible city or county, if all of the tax credits reserved to the eligible city or county have been committed or allocated. A city or county that has received tax credits under section 462A.222, subdivision 1, may apportion tax credits to the agency for a project located within the jurisdiction of the city or county.

Subd. 3. **Submission deadlines.** In order to assist the Minnesota Housing Finance Agency to comply with the reporting requirements of section 42 of the Internal Revenue Code of 1986, as amended, cities and counties to which low-income housing tax credits are reserved under section 462A.222, subdivision 1, shall submit required documents relating to compliance, allocation or commitment, carryover, issuance, and audit or review and shall return unused tax credits to the Minnesota Housing Finance Agency by the deadlines established in the agency's qualified allocation plan. Cities and counties to which low-income housing tax credits are reserved under section 462A.222 that fail to meet the deadlines established by the agency for the submission of required documents relating to allocation or commitment, carryover, issuance, and allocation reporting shall pay the fees established in the agency's qualified allocation plan. Pursuant to the qualified allocation plan, the agency may waive fees imposed for failure to meet the deadlines for submission of required documents.

Subd. 4. **Review of allocations, compliance monitoring.** The agency may review the allocation and compliance monitoring processes established by a city or county to which low-income tax credits are reserved under section 462A.222, subdivision 1, and may review documentation related to the allocations made to and the compliance monitoring of projects allocated credits from a city or county to which low-income tax credits are reserved under section 462A.222, subdivision 1.

History: *1987 c 350 s 14; 1990 c 368 s 8; 1996 c 362 s 5; 1998 c 363 s 1,2; 1999 c 211 s 14*

462A.225 STATE REGISTER NOTICE.

The agency shall publish in the State Register a notice of the availability electronically of all data relating to the state ceiling, state demographer population and rental unit estimates, and other information or procedures specified in section 42 of the Internal Revenue Code of 1986, applicable United States Treasury Department regulations, and this subdivision, that the agency considers pertinent to the distribution of low-income housing credits and a link to the information described in this section. Publications under this section are not subject to chapter 14.

History: *1987 c 350 s 15; 2014 c 161 art 5 s 1*

462A.23 MS 1971 [Repealed, 1973 c 515 s 40]

462A.235 COMMISSIONER OF COMMERCE; DUTIES.

The commissioner of commerce shall strongly encourage all financial institutions organized under chapter 47 to cooperate with the Minnesota Housing Finance Agency to effectuate the purposes of the Minnesota Housing Finance Agency Law of 1971, as amended.

History: *1976 c 254 s 14; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92*

462A.236 RULES.

The agency may adopt rules for the efficient administration of section 462A.05, subdivisions 14b, 18a, and 23.

History: *1983 c 301 s 210; 1984 c 640 s 32; 1996 c 305 art 2 s 64*

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

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

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

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

History: *1971 c 702 s 24; 1Sp2001 c 4 art 4 s 33; 1Sp2019 c 1 art 6 s 25*

462A.26 MS 1976 [Repealed, 1977 c 401 s 24]

462A.27 MS 1983 Supp [Renumbered 462A.236]

462A.28 MS 1998 [Repealed, 1999 c 223 art 2 s 80]

HOUSING FINANCE AND DEVELOPMENT PROGRAMS

462A.29 INTERAGENCY COORDINATION ON HOMELESSNESS.

The agency shall coordinate services and activities of all state agencies relating to homelessness. The agency shall coordinate an investigation and review of the current system of service delivery to the homeless. The agency may request assistance from other agencies of state government as needed for the execution of the responsibilities under this section and the other agencies shall furnish the assistance upon request.

History: *1990 c 520 s 2*

462A.30 DEFINITIONS.

Subdivision 1. **Applicability.** The definitions in this section apply to sections 462A.02, subdivision 11, 462A.30, and 462A.31.

Subd. 2. MS 2000 [Repealed, 1Sp2001 c 4 art 4 s 39]

Subd. 3. **First option to purchase.** "First option to purchase" means a right of a community land trust or the agency to purchase all or any portion of the improvements and leasehold interest of a lessee, sublessee, or other resident of property subject to a ground lease, prior to the rights of any other party and at a limited equity price.

Subd. 4. **Ground lease.** "Ground lease" means a lease of real property in which the lease does not include buildings or other improvements.

Subd. 5. **Leasehold interest.** "Leasehold interest" means the real property interest of a lessee in a ground lease in which the community land trust is the lessor.

Subd. 6. **Limited equity formula.** "Limited equity formula" means a method, approved by the agency, for calculation of the limited equity price, designed to maintain the affordability of the housing and the public subsidy.

Subd. 7. **Limited equity price.** "Limited equity price" means a price for the sale of any building or other improvement located on land owned by a community land trust determined by means of the limited equity formula.

Subd. 8. **Community land trust.** "Community land trust" means a city or a nonprofit corporation organized under chapter 317A that complies with section 462A.31 and that qualifies for tax exempt status under United States Code, title 26, section 501(c)(3), and that meets all other criteria for community land trusts set by the agency.

Subd. 9. **Persons and families of low and moderate income.** "Persons and families of low and moderate income" means persons or families whose income does not exceed:

(1) 115 percent of the greater of state median income, or area or county median income as determined by the Department of Housing and Urban Development; or

(2) the amount that qualifies the organization for tax exempt status under United States Code, title 26, section 501(c)(3), whichever is less.

History: *1991 c 287 s 2; 1992 c 522 s 37-39; 1994 c 586 s 10; 2012 c 288 s 12; 1Sp2021 c 8 art 2 s 9*

462A.31 COMMUNITY LAND TRUSTS.

Subdivision 1. **Purposes.** A community land trust must have as one of its purposes the holding of land and the leasing of land for the purpose of preserving the affordability of housing on that land for persons and families of low and moderate income.

Subd. 2. **Powers.** A community land trust may have any or all of the powers permitted to a nonprofit corporation under chapter 317A, except that a community land trust must have the power to buy and sell land, to mortgage and otherwise encumber land, and to negotiate and enter into ground leases with an initial term of up to 99 years.

Subd. 3. **Restrictions.** A ground lease in which a community land trust is the lessor must contain provisions designed to preserve the affordability of housing on the land. Each ground lease must reserve to the community land trust the first option to purchase any building or improvement on the land, or any condominium or cooperative unit located in a building on the land, at a limited equity price specified in the ground lease. Each ground lease must grant to the Minnesota Housing Finance Agency the right to exercise that first option to purchase if the community land trust does not, for any reason, exercise the first option. Each ground lease must exempt sales to persons and families of low and moderate income from the provisions granting the first option to purchase to the community land trust and to the Minnesota Housing Finance Agency. Sales to persons and families of low and moderate income are not exempt from the limited equity price. A ground lease may also contain appropriate restrictions on:

(1) subletting or assigning the ground lease;

(2) construction and renovation of buildings and other improvements; and

(3) sale of buildings and improvements.

Subd. 4. **Mortgages.** (a) A ground lease with a community land trust must prohibit the lessee from mortgaging the lessee's interest in the lease or in buildings or other improvements without the consent of the community land trust. A ground lease may obligate a community land trust as lessor and fee title holder to consent to, join in, or subordinate its interest to, a mortgage entered into by a lessee as mortgagor for the purpose of obtaining financing for acquisition, construction, or renovation of housing on the land. A lease provision so obligating a community land trust must specify that the mortgage must provide to the community land trust the right to receive from the mortgagee prompt notice of default in the mortgage and the right to cure the default or to purchase the mortgagee's interest in the mortgage. The limited equity price and provisions in subdivision 3 do not apply if the lessee or the community land trust fails to cure the default or purchase the mortgagee's interest in the mortgage.

(b) A ground lease with a community land trust must provide that the community land trust will not, during the term of the lease, mortgage or otherwise encumber its interest in the property or permit any liens on its interest in the property to exist. This prohibition does not apply to mortgages that require the mortgagee to subordinate the lien of its mortgage to a mortgage entered into by a lessee as mortgagor for the purpose of obtaining financing for acquisition, construction, or renovation of housing on the land.

Subd. 5. **Rights of heirs.** A ground lease with a community land trust must provide that the heirs of the lessee may assume the lease, if the heirs agree to occupy the lease property as their homestead. For purposes of this subdivision, "the heirs" means the heirs at law of a lessee who dies intestate or the devises of a lessee who dies testate.

Subd. 6. **City land trust.** A city may by resolution determine to act as a community land trust with the powers and duties described in subdivisions 1 to 5.

Subd. 7. **Recording of ground lease.** Any ground lease held by a community land trust shall include the legal description of the real property subject to the ground lease and shall be recorded with the county recorder or with the registrar of titles in the county in which the real property subject to the ground lease is located.

History: *1991 c 287 s 3; 1992 c 522 s 40,41; 1994 c 586 s 11; 2005 c 4 s 112; 2012 c 288 s 12*

462A.32 MS 1992 [Repealed, 1993 c 236 s 19]

462A.33 ECONOMIC DEVELOPMENT AND HOUSING CHALLENGE PROGRAM.

Subdivision 1. **Created.** (a) The economic development and housing challenge program is created to be administered by the agency. Notwithstanding section 462A.24, this section shall be construed based on the specific language within this section and within an appropriation pursuant to this section.

(b) The program shall provide grants or loans for the purpose of construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of housing to support economic development and redevelopment activities or job creation or job preservation within a community or region by meeting locally identified housing needs.

Gap financing is either:

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

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

(c) Preference for grants and loans shall be given to comparable proposals that include regulatory changes or waivers that result in identifiable cost avoidance or cost reductions, such as increased density, flexibility in site development standards, or zoning code requirements. Preference must also be given among comparable proposals to proposals for projects that are accessible to transportation systems, jobs, schools, and other services.

(d) If a grant or loan is used for demolition or removal of existing structures, the cleared land must be used for the construction of housing to be owned or rented by persons who meet the income limits of this section or for other housing-related purposes that primarily benefit the persons residing in the adjacent housing. In making selections for grants or loans for projects that demolish affordable housing units, the agency must review the potential displacement of residents and consider the extent to which displacement of residents is minimized.

Subd. 2. **Eligible recipients.** Challenge grants or loans may be made to a city; a federally recognized American Indian Tribe or subdivision located in Minnesota; a Tribal housing corporation; a private developer; a nonprofit organization; a school district; a cooperative unit, as defined in section 123A.24, subdivision 2; a charter school; a contract alternative school; a Tribal contract school; or the owner of the housing, including individuals. For the purpose of this section, "city" has the meaning given in section 462A.03, subdivision 21. To the extent practicable, grants and loans shall be made so an approximately equal number of housing units are financed in the metropolitan area and in the nonmetropolitan area.

Subd. 3. **Contribution requirement.** Fifty percent of the funds appropriated for this section must be used for challenge grants or loans for housing proposals with financial or in-kind contributions from nonstate resources that reduce the need for deferred loan or grant funds from state resources. Challenge grants or loans must be used for economically viable homeownership or rental housing proposals that address the housing needs of the local work force.

Among comparable proposals, preference must be given to proposals that include contributions from nonstate resources for the greatest portion of the total development cost. Comparable proposals with contributions from local units of government or private philanthropic, religious, or charitable organizations must be given preference in awarding grants or loans.

For the purpose of this subdivision, a contribution may consist partially or wholly of the premium paid for federal housing tax credits.

Subd. 4. MS 2000 [Repealed, 1Sp2001 c 4 art 5 s 10]

Subd. 5. **Income limits.** Households served through challenge grants or loans must not have incomes at the time of initial occupancy that exceed, for homeownership projects, 115 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development, and for rental housing projects, 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development except that the housing developed or rehabilitated with challenge fund grants or loans must be affordable to the local work force.

Preference among comparable proposals shall be given those that provide housing opportunities for an expanded range of household incomes within a community or that provide housing opportunities for a wide range of incomes within the development.

Subd. 6. MS 2000 [Repealed, 1Sp2001 c 4 art 5 s 10]

Subd. 7. MS 2000 [Repealed, 1Sp2001 c 4 art 5 s 10]

Subd. 8. **Limitation on return.** The limitations on return of eligible mortgagors contained in section 462A.03, subdivision 13, do not apply to loans or grants for rental housing if the loans or grants made by the agency, from all sources, are less than 50 percent of the total costs, as determined by the agency.

Subd. 9. **Grant funding to schools.** A school district; a cooperative unit, as defined in section 123A.24, subdivision 2; a charter school; a contract alternative school; a Tribal contract school; or a nonprofit organization contracted by one of the preceding entities may receive funding under this section in the form of a grant less than $100,000. A grantee under this subdivision that uses a grant under this subdivision to construct a home for owner occupancy must require the future occupant to participate in the homeownership education counseling and training program under section 462A.209.

History: *1999 c 223 art 2 s 56; 1Sp2001 c 4 art 4 s 34; art 5 s 5-9; 1Sp2005 c 1 art 4 s 104; 2007 c 135 art 8 s 7; 1Sp2019 c 1 art 6 s 26; 2023 c 37 art 4 s 9,10; 2025 c 32 art 3 s 6,7*

462A.34 VISITABILITY REQUIREMENT.

All new construction of single-family homes, duplexes, triplexes, and multilevel townhouses that are financed in whole or in part by the agency must incorporate basic visitability access into their design and construction. For the purpose of this section, "visitability" means designing a dwelling so that people with mobility impairments may enter and comfortably stay for a duration. The specific design elements include one no-step entrance, 32-inch clear doorways throughout the dwelling, and a one-half bathroom on the main level. The agency may waive the one-half bathroom requirement if it reduces affordability for the targeted population of the agency program from which it is funded. The agency may waive the no-step entrance requirement if site conditions make the requirement impractical or if it reduces affordability for the targeted population of the agency program from which it is funded. This section does not apply to owner-occupied housing financed by the agency through a mortgage program unless the agency has provided appropriated funds to finance the construction of the new owner-occupied housing.

History: *1Sp2001 c 4 art 4 s 35*

462A.35 MINNESOTA MANUFACTURED HOME RELOCATION TRUST FUND.

Subdivision 1. **Establishment of fund.** The Minnesota manufactured home relocation trust fund is established as a separate account in the housing development fund. The agency may use the money from the Minnesota manufactured home relocation trust fund to make payments to manufactured home owners under section 327C.095, subdivision 13, paragraphs (a) and (e). All interest earned from the investment or deposit of money in the trust fund must be deposited in the trust fund. The Minnesota manufactured home relocation trust fund account shall consist of:

(1) payments collected from manufactured home park owners under section 327C.095, subdivision 12, paragraph (a), and subdivision 13, paragraph (e);

(2) payments collected from manufactured home owners under section 327C.095, subdivision 12, paragraph (c);

(3) interest earned on the money deposited into the trust fund; and

(4) other appropriated funds.

Subd. 2. **Expending funds.** The agency may expend the money in the Minnesota manufactured home relocation trust fund to the extent necessary to carry out the objectives of section 327C.095, subdivision 13,

by making payments to manufactured home owners, or other parties approved by the third-party neutral, under subdivision 13, paragraphs (a) and (e), and to pay the costs of administering the fund. Money in the fund is appropriated to the agency for these purposes and to pay costs incurred to administer the fund.

History: *2007 c 141 s 8; 2009 c 101 art 2 s 109; 2024 c 127 art 15 s 17*

462A.355 ADVANCES TO MINNESOTA MANUFACTURED HOME RELOCATION TRUST FUND.

(a) The Minnesota Housing Finance Agency or Department of Management and Budget as determined by the commissioner of management and budget, is authorized to advance up to $400,000 from state appropriations or other resources to the Minnesota manufactured home relocation trust fund established under section 462A.35 if the account balance in the Minnesota manufactured home relocation trust fund is insufficient to pay the amounts claimed under section 327C.095, subdivision 13.

(b) The Minnesota Housing Finance Agency or Department of Management and Budget shall be reimbursed from the Minnesota manufactured home relocation trust fund for any money advanced by the agency under paragraph (a) to the fund. Approved claims for payment to manufactured home owners shall be paid prior to the money being advanced by the agency or the department to the fund.

History: *1Sp2019 c 1 art 6 s 27*

462A.36 NONPROFIT HOUSING BONDS; AUTHORIZATION; STANDING APPROPRIATION.

Subdivision 1. **Definitions.** (a) For purposes of this section the following terms have the meanings given them in this subdivision.

(b) "Debt service" means the amount payable in any fiscal year of principal, premium, if any, and interest on nonprofit housing bonds and the fees, charges, and expenses related to the bonds.

(c) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

(d) "Nonprofit housing bonds" means bonds issued by the agency under this chapter that are "qualified 501(c)(3) bonds" (within the meaning of section 145(a) of the Internal Revenue Code) or are not "private activity bonds" (within the meaning of section 141(a) of the Internal Revenue Code), for the purpose of financing or refinancing affordable housing authorized under this chapter.

(e) "Permanent supportive housing" means housing that is not time-limited and provides or coordinates with linkages to services necessary for residents to maintain housing stability and maximize opportunities for education and employment.

Subd. 2. **Authorization.** (a) The agency may issue up to $36,000,000 of nonprofit housing bonds in one or more series to which the payments made under this section may be pledged. The nonprofit housing bonds authorized in this subdivision may be issued for the purpose of making loans, on terms and conditions the agency deems appropriate, to finance the costs of the construction, acquisition, preservation, and rehabilitation of permanent supportive housing for individuals and families who: (1) either have been without a permanent residence for at least 12 months or at least four times in the last three years; or (2) are at significant risk of lacking a permanent residence for 12 months or at least four times in the last three years. The bonds may also be issued to finance the costs of the construction, acquisition, preservation, and rehabilitation of foreclosed or vacant housing to be used for affordable rental housing.

(b) An insubstantial portion of the bond proceeds may be used for permanent supportive housing for individuals and families experiencing homelessness who do not meet the criteria of paragraph (a).

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

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

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

Subd. 3. **No full faith and credit.** The nonprofit housing bonds are not public debt of the state, and the full faith and credit and taxing powers of the state are not pledged to the payment of the nonprofit housing bonds or to any payment that the state agrees to make under this section. The bonds must contain a conspicuous statement to that effect.

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

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

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

History: *2008 c 179 s 51; 2009 c 101 art 2 s 109; 2010 c 189 s 45; 2023 c 37 art 3 s 2,3*

462A.37 HOUSING INFRASTRUCTURE BONDS; AUTHORIZATION; STANDING APPROPRIATION.

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

(b) "Abandoned property" has the meaning given in section 117.025, subdivision 5.

(c) "Community land trust" means an entity that meets the requirements of section 462A.31, subdivisions 1 and 2.

(d) "Debt service" means the amount payable in any fiscal year of principal, premium, if any, and interest on housing infrastructure bonds and the fees, charges, and expenses related to the bonds.

(e) "Foreclosed property" means residential property where foreclosure proceedings have been initiated or have been completed and title transferred or where title is transferred in lieu of foreclosure.

(f) "Housing infrastructure bonds" means bonds issued by the agency under this chapter that:

(1) are qualified 501(c)(3) bonds, within the meaning of section 145(a) of the Internal Revenue Code;

(2) finance qualified residential rental projects within the meaning of section 142(d) of the Internal Revenue Code; or

(3) are tax-exempt bonds that are not private activity bonds, within the meaning of section 141(a) of the Internal Revenue Code, for the purpose of financing or refinancing affordable housing authorized under this chapter.

(g) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

(h) "Senior" means a person 55 years of age or older.

(i) "Senior household" means a household with one or more senior members and with an annual combined income not greater than 50 percent of:

(1) the metropolitan area median income for persons in the metropolitan area; or

(2) the statewide median income for persons outside the metropolitan area.

(j) "Senior housing" means housing intended and operated for occupancy by senior households with at least 80 percent of the units occupied by senior households, and for which there is publication of, and adherence to, policies and procedures that demonstrate an intent by the owner or manager to provide housing for seniors. Senior housing may be developed in conjunction with and as a distinct portion of mixed-income senior housing developments that use a variety of public or private financing sources.

(k) "Supportive housing" means housing that is not time-limited and provides or coordinates with linkages to services necessary for residents to maintain housing stability and maximize opportunities for education and employment.

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

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

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

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

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

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

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

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

(8) to finance the costs of construction, acquisition, adaptive reuse, and rehabilitation of permanent housing that is affordable to households with incomes at or below 50 percent of the area median income for the applicable county or metropolitan area as published by the Department of Housing and Urban Development, as adjusted for household size; and

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

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

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

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

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

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

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

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

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

(d) To the extent practicable, the agency shall balance the loans made between projects in the metropolitan area and projects outside the metropolitan area. Of the loans made to projects outside the metropolitan area, the agency shall, to the extent practicable, balance the loans made between projects in counties or cities with

a population of 20,000 or less, as established by the most recent decennial census, and projects in counties or cities with populations in excess of 20,000.

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

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

(1) the greater of: (i) at least one unit; or (ii) at least five percent of units that are accessible units, and each accessible unit includes at least one roll-in shower, water closet, and kitchen work surface meeting the requirements of section 1002 of the current State Building Code Accessibility Provisions for Dwelling Units in Minnesota; and

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

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

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

(C) low-fume paint;

(D) low-chemical carpet; and

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

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

Subd. 2a. **Additional authorization.** In addition to the amount authorized in subdivision 2, the agency may issue up to $95,000,000 of housing infrastructure bonds in one or more series to which the payments made under this section may be pledged.

Subd. 2b. **Additional authorization.** In addition to the amount authorized in subdivisions 2 and 2a, the agency may issue up to $15,000,000 of housing infrastructure bonds in one or more series to which the payments made under this section may be pledged.

Subd. 2c. **Additional authorization.** In addition to the amount authorized in subdivisions 2, 2a, and 2b, the agency may issue up to $35,000,000 in housing infrastructure bonds in one or more series to which the payments under this section may be pledged.

Subd. 2d. **Additional authorization.** In addition to the amount authorized in subdivisions 2, 2a, 2b, and 2c, the agency may issue up to $30,000,000 in housing infrastructure bonds in one or more series to which the payments under this section may be pledged. Housing funded with proceeds from bonds sold under this authorization must be permanent supportive housing for people with behavioral health needs.

Subd. 2e. **Additional authorization.** In addition to the amount authorized in subdivisions 2, 2a, 2b, 2c, and 2d, the agency may issue up to $50,000,000 in housing infrastructure bonds in one or more series to which the payments under this section may be pledged.

Subd. 2f. **Additional authorization.** In addition to the amount authorized in subdivisions 2 to 2e, the agency may issue up to $60,000,000 in housing infrastructure bonds in one or more series to which the payments under this section may be pledged.

Subd. 2g. **Additional authorization.** In addition to the amount authorized in subdivisions 2 to 2f, the agency may issue up to $100,000,000 in housing infrastructure bonds in one or more series to which the payments under this section may be pledged.

Subd. 2h. **Additional authorization.** (a) In addition to the amount authorized in subdivisions 2 to 2g, the agency may issue up to $100,000,000 in housing infrastructure bonds in one or more series to which the payments under this section may be pledged. Of this authorization, proceeds from the sale of bonds authorized in this section must be applied as follows unless modified under paragraph (b):

(1) $18,333,000 for uses under subdivision 2, paragraph (a), clause (7); and

(2) $15,000,000 for acquisition of manufactured home parks and for manufactured home park improvements and infrastructure under subdivision 2, paragraph (a), clause (4).

(b) The agency must use its best efforts to award grants and loans for the purposes allocated in paragraph (a), clauses (1) and (2). If the agency has not committed the full amount of the allocations by January 16, 2024, to the described purposes due to a lack of qualifying projects, the allocated amount may be applied to other purposes authorized in subdivision 2.

Subd. 2i. [Renumbered subd 3a]

Subd. 2j. **Additional authorization.** In addition to the amount authorized in subdivisions 2 to 2h and 3a, the agency may issue up to $50,000,000 in one or more series to which the payments under this section may be pledged.

Subd. 2k. **Additional authorization.** In addition to the amount authorized in subdivisions 2 to 2j and 3a, the agency may issue up to $50,000,000 in one or more series to which the payments under this section may be pledged.

Subd. 2l. **Additional authorization.** In addition to the amount authorized in subdivisions 2 to 2k and 3a, the agency may issue up to $100,000,000 in one or more series to which the payments under this section may be pledged.

Subd. 3. **No full faith and credit.** The housing infrastructure bonds are not public debt of the state, and the full faith and credit and taxing powers of the state are not pledged to the payment of the housing infrastructure bonds or to any payment that the state agrees to make under this section. The bonds must contain a conspicuous statement to that effect.

Subd. 3a. **Refunding bonds.** (a) The agency may issue housing infrastructure bonds in one or more series to refund bonds authorized in this section. The amount of refunding housing infrastructure bonds that may be issued from time to time will not be subject to the dollar limitation contained in any of the authorizations in this section nor will those bonds be included in computing the amount of bonds that may be issued within those dollar limitations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(k) Each July 15, beginning in 2027 and through 2048, if any housing infrastructure bonds issued under subdivision 2k, or housing infrastructure bonds issued to refund those bonds, remain outstanding, the commissioner of management and budget must transfer to the housing infrastructure bond account established under section 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(l) Each July 15, beginning in 2028 and through 2049, if any housing infrastructure bonds issued under subdivision 2l or housing infrastructure bonds issued to refund those bonds remain outstanding, the commissioner of management and budget must transfer to the housing infrastructure bond account established under section 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

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

Subd. 6. **Cancellation.** Any amount appropriated in this section for debt service payments that is not needed in that fiscal year for debt service payments is canceled to the general fund. The cancellation must occur no later than June 30 of the same fiscal year.

History: *2012 c 293 s 36; 2013 c 85 art 5 s 42; 2014 c 295 s 18-20; 1Sp2015 c 5 art 3 s 4,5; 1Sp2017 c 8 art 2 s 19-22; 2018 c 214 art 2 s 16-21; 1Sp2019 c 13 s 1-3; 5Sp2020 c 3 art 4 s 4-7; 1Sp2021 c 8 art*

4 s 1,2; 2023 c 37 art 3 s 4-6; art 4 s 11,12; 2024 c 127 art 15 s 18-20,53; 2025 c 32 art 2 s 1,2; art 3 s 8; 2026 c 100 art 2 s 1,2

462A.375 ADDITIONAL PURPOSES, HOUSING INFRASTRUCTURE BONDS.

In addition to any other purpose authorized in this chapter for use of housing infrastructure bond proceeds, the agency may use the proceeds to fund loans, on terms and conditions the agency deems appropriate, to finance the costs of the construction, acquisition, and rehabilitation of supportive housing for girls and women to provide them protection from and the means to escape exploitation and trafficking.

History: *2012 c 292 art 5 s 1*

462A.38 WORKFORCE AND AFFORDABLE HOMEOWNERSHIP DEVELOPMENT PROGRAM.

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

[See Note.]

Subd. 2. **Use of funds.** (a) Grant funds and loans awarded under this program may be used for:

(1) development costs;

(2) rehabilitation;

(3) land development;

(4) affordability gap; and

(5) residential housing, including storm shelters and related community facilities.

(b) A project funded through this program shall serve households that meet the income limits as provided in section 462A.33, subdivision 5, unless a project is intended for the purpose outlined in section 462A.02, subdivision 6.

Subd. 3. **Application.** The commissioner shall develop forms and procedures for soliciting and reviewing applications for grants and loans under this section. The commissioner shall consult with interested stakeholders when developing the guidelines and procedures for the program. In making grants and loans, the commissioner shall establish semiannual application deadlines in which grants and loans will be authorized from all or part of the available appropriations.

Subd. 4. **Awarding grants and loans.** Among comparable proposals, preference must be given to proposals that include contributions from nonstate resources for the greatest portion of the total development cost.

Subd. 5. **Statewide program.** The agency shall attempt to make grants and loans in approximately equal amounts to applicants outside and within the metropolitan area, as defined under section 473.121, subdivision 2.

Subd. 6. **Report.** Beginning January 15, 2024, the commissioner must annually submit a report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over housing and workforce development specifying the projects that received grants and loans under this section and the specific purposes for which the grant or loan funds were used.

Subd. 7. **Workforce and affordable homeownership development account.** A workforce and affordable homeownership development account is established in the housing development fund. Money in the account, including interest, is appropriated to the commissioner of the Housing Finance Agency for the purposes of this section. The amount appropriated under this section must supplement traditional sources of funding for this purpose and must not be used as a substitute for traditional sources of funding or to pay debt service on bonds. All loan repayments received under this section are to be deposited into the workforce and affordable homeownership development account in the housing development fund. A borrower under this section may, instead of repaying its loan, spend the money on a qualifying project under subdivision 2.

History: *2016 c 189 art 7 s 41; 1Sp2019 c 1 art 6 s 28; 2023 c 37 art 4 s 13; 2023 c 64 art 15 s 22; 2024 c 96 art 2 s 10; 2024 c 127 art 15 s 21; 2025 c 32 art 4 s 13; 2026 c 61 s 41*

NOTE: The amendment to subdivision 1 by Laws 2024, chapter 96, article 2, section 10, is effective August 1, 2027. Laws 2024, chapter 96, article 2, section 13, as amended by Laws 2025, chapter 32, article 4, section 13, as amended by Laws 2026, chapter 61, section 41.

462A.39 WORKFORCE HOUSING DEVELOPMENT PROGRAM.

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

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

(b) "Eligible project area" means a home rule charter or statutory city located outside of a metropolitan county as defined in section 473.121, subdivision 4; federally recognized Tribal reservations; or an area served by a joint county-city economic development authority.

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

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

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

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

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

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

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

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

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

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

Subd. 5. **Allocation.** The amount of a grant or deferred loans may not exceed 50 percent of the rental housing development project cost. The commissioner shall not award a grant or deferred loans to an eligible project area without certification by the eligible project area that the amount of the grant or deferred loans shall be matched by a local unit of government, business, nonprofit organization, or federally recognized Tribe, with $1 for every $2 provided in grant or deferred loans funds.

Subd. 6. **Report.** Beginning January 15, 2018, the commissioner must annually submit a report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over taxes and workforce development specifying the projects that received grants or deferred loans under this section and the specific purposes for which the grant funds were used.

History: *2017 c 94 art 11 s 7; 2023 c 37 art 4 s 14,15; 2024 c 127 art 15 s 22*

462A.395 GREATER MINNESOTA HOUSING INFRASTRUCTURE GRANT PROGRAM.

Subdivision 1. **Grant program established.** The commissioner of the Minnesota Housing Finance Agency may make grants to counties and cities to provide up to 50 percent of the capital costs of public infrastructure necessary for an eligible workforce housing development project. The commissioner may make a grant award only after determining that nonstate resources are committed to complete the project. The nonstate contribution may be cash, other committed grant funds, or in kind. In-kind contributions may include the value of the site, whether the site is prepared before or after the law appropriating money for the grant is enacted.

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

(b) "City" means a statutory or home rule charter city located outside the metropolitan area, as defined in section 473.121, subdivision 2.

(c) "Housing infrastructure" means publicly owned physical infrastructure necessary to support housing development projects, including but not limited to sewers, water supply systems, utility extensions, streets,

wastewater treatment systems, stormwater management systems, and facilities for pretreatment of wastewater to remove phosphorus.

Subd. 3. **Eligible projects.** Housing projects eligible for a grant under this section may be a single-family or multifamily housing development, and either owner-occupied or rental. Housing projects eligible for a grant under this section may also be a manufactured home development qualifying for homestead treatment under section 273.124, subdivision 3a.

Subd. 4. **Application.** (a) The commissioner must develop forms and procedures for soliciting and reviewing applications for grants under this section. At a minimum, a city or county must include in its application a resolution of the county board or city council certifying that the required nonstate match is available. The commissioner must evaluate complete applications for funding for eligible projects to determine that:

(1) the project is necessary to increase sites available for housing development that will provide adequate housing stock for the current or future workforce; and

(2) the increase in workforce housing will result in substantial public and private capital investment in the county or city in which the project would be located.

(b) The determination of whether to make a grant for a site is within the discretion of the commissioner, subject to this section. The commissioner's decisions and application of the criteria are not subject to judicial review, except for abuse of discretion.

Subd. 5. **Maximum grant amount.** A county or city may receive no more than $40,000 per lot for single-family, duplex, triplex, or fourplex housing developed, no more than $60,000 per manufactured housing lot, and no more than $180,000 per lot for multifamily housing with more than four units per building. A county or city may receive no more than $500,000 in two years for one or more housing developments. The $500,000 limitation does not apply to use on manufactured housing developments.

History: *2023 c 37 art 2 s 7; 2023 c 72 art 3 s 34; 2024 c 127 art 15 s 23*

462A.40 MINNESOTA HOUSING TAX CREDIT CONTRIBUTION ACCOUNT.

Subdivision 1. **Account created.** The Minnesota housing tax credit contribution account is created in the housing development fund in the state treasury. The account is administered by the Minnesota Housing Finance Agency. Amounts contributed to the account are appropriated to the agency. The agency may use the amounts appropriated to direct disbursements from the account as loans or grants to eligible recipients as provided in this section.

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

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

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

(b) For the purposes of this subdivision disqualified individual means:

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

(2) an individual who or an individual whose immediate family member owns the housing for which the grant or loan will be used;

(3) an individual who meets the following criteria:

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

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

(4) an individual who meets the following criteria:

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

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

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

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

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

(3) meets the following criteria:

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

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

(d) For purposes of this subdivision, "immediate family" means the taxpayer's spouse, parent or parent's spouse, sibling or sibling's spouse, or child or child's spouse. For a married couple filing a joint return, the limitations in this subdivision apply collectively to the taxpayer and spouse.

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

(f) The agency may award grants or loans to a city as defined in section 462A.03, subdivision 21; a federally recognized American Indian Tribe or subdivision located in Minnesota; a Tribal housing corporation; a private developer; a nonprofit organization; a housing and redevelopment authority under sections 469.001 to 469.047; a public housing authority or agency authorized by law to exercise any of the powers granted

by sections 469.001 to 469.047; or the owner of the housing. The provisions of subdivision 2, and paragraphs (a) to (e) and (g) of this subdivision, regarding the use of funds and eligible recipients apply to grants and loans awarded under this paragraph.

(g) Eligible recipients must use the funds to serve households that meet the income limits as provided in section 462A.33, subdivision 5.

Subd. 4. **Recapture.** A loan or grant awarded under this section is subject to repayment or recapture under rules adopted by the agency. Any amount of a loan or grant that is repaid or recaptured must be redeposited in the account and is not returned to the taxpayer who made the contribution.

Subd. 5. **Report.** The agency shall report by January 15 each year to the chairs and ranking minority members of the legislative policy and finance committees with jurisdiction over housing on the tax credits and financing provided in the previous fiscal year. The report shall provide a breakdown of the tax credits, grants, and loans by region of the state. The report shall also include information on planned financing in the current fiscal year.

History: *1Sp2021 c 14 art 1 s 16; 2024 c 127 art 15 s 24,25*

462A.41 FIRST-GENERATION HOMEBUYERS DOWN PAYMENT ASSISTANCE FUND.

Subdivision 1. **Establishment.** A first-generation homebuyers down payment assistance fund is established for the agency to provide targeted assistance to eligible first-generation homebuyer households throughout the state. The agency may partner with community organizations, including community development financial institutions, credit unions, other financial institutions, nonprofits, government entities, or federally recognized American Indian Tribes or their Tribally Designated Housing Entities, to deliver the assistance.

Subd. 2. **Eligible homebuyer.** (a) For purposes of this section, "eligible first-generation homebuyer" means an individual:

(1) whose household income is at or below 115 percent of the statewide or area median income, whichever is greater, at the time of purchase;

(2) who is a first-time homebuyer as defined by the agency;

(3) who meets the following criteria:

(i) has either never owned a home or owned a home but lost it due to foreclosure; and

(ii) has a parent or prior legal guardian who does not currently own a home and had never previously owned a home or had previously owned a home but lost it due to foreclosure;

(4) who completes an approved homebuyer education course; and

(5) who plans on occupying the home as a primary residence.

(b) An eligible homebuyer must purchase the home within the maximum loan amount established by the Federal Housing Administration for the county in which the home is located and must contribute a minimum of $1,000 toward down payment or closing costs.

Subd. 3. **Use of funds.** Assistance under this section may be provided as a forgivable loan, a deferred loan, or a combination of both. Homebuyers may use the funds to purchase a one- to four-unit home, including manufactured homes. The assistance is limited to the greater of ten percent of the purchase price of a home

or $35,000 per eligible first-generation homebuyer household. The amount of assistance shall be adjusted for market conditions over time at the discretion of the agency. The funds may be used for one or more of the following: closing costs, down payment, mortgage insurance, interest rate buy-down, and principal reduction. The funds can be combined with other homebuyer assistance and must be used in conjunction with a conforming first mortgage loan that is fully amortizing, with or without interest, and meets the standard of a qualified mortgage or as otherwise determined by the agency.

Subd. 4. **Repayment.** Loans would be repayable if the property converts to nonowner occupancy, is sold within the loan period, is subjected to an ineligible refinance, is subjected to an unauthorized transfer of title, or for other reasons as stated in the loan documents. Recapture can be waived in the event of financial or personal hardship at the discretion of the agency.

Subd. 5. **Administration.** The first-generation homebuyers down payment assistance fund is available statewide and shall be administered by the agency. If the agency works with a lending partner, that partner may use a percentage of the funds received for administrative fees as determined by the agency.

History: *2023 c 37 art 2 s 3*

462A.42 SUPPORTIVE HOUSING PROGRAM.

Subdivision 1. **Establishment.** The agency shall establish a supportive housing program to provide funding to increase alignment with housing development financing and strengthen supportive housing for individuals and families who have experienced homelessness.

Subd. 2. **Definition.** For the purposes of this section, "supportive housing" means housing that is not time-limited and provides or coordinates with services necessary for residents to maintain housing stability and maximize opportunities for education and employment.

Subd. 3. **Eligible recipients.** Funding may be made to a local unit of government, a federally recognized American Indian Tribe or its Tribally Designated Housing Entity located in Minnesota, a private developer, or a nonprofit organization.

Subd. 4. **Eligible uses.** (a) Funds shall be used to cover costs needed for supportive housing to operate effectively. Costs may include but are not limited to building operating expenses such as front desk, tenant service coordination, revenue shortfall, and security costs. These funds may be capitalized as part of development costs. Funds may be provided to support existing permanent supportive housing units or to cover costs associated with new permanent supportive housing units.

(b) Funds may be used to create partnerships with the health care sector and other sectors to demonstrate sustainable ways to provide services for supportive housing residents, improve access to health care, and reduce the use of expensive emergency and institutional care. This may be done in partnership with other state agencies, including the Department of Health and the Department of Human Services.

Subd. 5. **Application.** The commissioner shall develop forms and procedures for soliciting and reviewing applications for funding under this section. The commissioner shall consult with interested stakeholders when developing the guidelines and procedures for the program.

History: *2023 c 37 art 2 s 4*

462A.43 MS 2024 [Repealed, 2025 c 32 art 1 s 4]

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*

462A.45 LIVED-EXPERIENCE ENGAGEMENT EXEMPTION.

(a) Notwithstanding any law to the contrary, income received from lived-experience engagement is not considered income, assets, or personal property for purposes of determining eligibility or recertifying eligibility for state public assistance, including but not limited to:

(1) child care assistance programs under chapter 142E;

(2) general assistance, Minnesota supplemental aid, and food support under chapters 142F and 256D;

(3) housing support under chapter 256I;

(4) Minnesota family investment program under chapter 142G; and

(5) economic assistance programs under chapter 256P.

(b) For purposes of this section, "lived-experience engagement" means the agency engaging with people with relevant experience identified by the agency for the purposes of (1) serving as a community reviewer of proposals submitted as part of an agency request for proposals, or (2) gathering and sharing feedback on the impact of housing programs.

History: *2026 c 100 art 3 s 13*