

S.F. No. 2566 – Housing and Homelessness Prevention Budget (2nd engrossment)

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Date: April 12, 2023

Article 1: Appropriations for the Housing Finance Agency

Please see the [Housing Budget](#) spreadsheet for information on appropriations.

Article 2: Housing Policy

Section 1 (462A.05, subdivision 14) amends the powers of the agency to allow them to make rehabilitation loans for detached accessory dwelling units.

Section 2 (462A.05, subdivision 42) adds to the powers of the agency to clarify that a federally recognized Indian Tribe in Minnesota or an associated Tribally Designated Housing Entity may be eligible for funding authorized in this chapter.

Section 3 (462A.05, subdivision 43) adds another power to the agency to administer the rent assistance program.

Section 4 (462A.05, subdivision 44) adds a power to the agency that requires them to prioritize funding that would serve households most affected by housing disparities.

Section 5 (462A.05, subdivision 45) adds a power to the agency that allows them to establish special purpose credit programs to assist economically disadvantaged classes of persons.

Section 6 (462A.2035, subdivision 1b) amends the manufactured home park redevelopment program to include infrastructure loans in addition to grants.

Section 7 (462A.204, subdivision 3) eliminates the requirement for a nonprofit organization to have a sponsoring resolution from county boards in order to be eligible for the family homeless prevention and assistance program.

Section 8 [462A.2095] establishes a rent assistance program, defines “eligible household” and “program administrator,” and allows the agency to make grants to program administrators to provide rental assistance for eligible households. The section also describes the amount of rent assistance and administrative fees that can be provided, specifies that rent assistance is not considered income for determining eligibility for state public assistance programs, and allows the agency to direct program administrators to comply with federal housing choice voucher program regulations.

Section 9 [462A.2096] establishes the lead safe homes grant program and describes eligible projects and grantees. This section of statute will be known as the “Dustin Luke Shields Act.”

Section 10 [462A.2098] establishes the housing mediation grant program that will support community dispute resolution programs. It states that Community Mediation Minnesota will administer the program and describes the authorized uses of the grant funding.

Section 11 (462A.201, subdivision 2) amends the housing trust fund account provisions for low-income housing to include families with minor children, not just those with children eligible for prekindergarten through 12th grade enrollment.

Section 12 (462A.204, subdivision 8) amends the family homeless prevention and assistance program, expanding the school stability subdivision to include families with minor children, not just those eligible for school enrollment.

Section 13 (462A.21, subdivision 3b) amends the capacity building grants subdivision in the housing development fund section to allow the agency to use funds not appropriated by the legislature and requires the agency to adopt policies and procedures detailing the eligible uses of grant money.

Section 14 (462A.22, subdivision 1) clarifies language regarding the debt ceiling in the bond fund section.

Section 15 (462A.36, subdivision 2a) allows the agency to refund nonprofit housing bonds and specifies how this must be done.

Section 16 (462A.36, subdivision 4) adds nonprofit housing bonds issued to refund bonds to the subdivision relating to the appropriation for the debt service.

Section 17 (462A.37, subdivision 1) amends the definitions for the housing infrastructure bonds section, adding a definition for “senior household” and deleting duplicative language in the definition of “housing infrastructure bonds.”

Section 18 (462A.37, subdivision 2) amends the authorized use of housing infrastructure bonds to include financing single family housing and adds another purpose to finance permanent housing for low-income households. The section also adds new criteria for considering proposals and requires multifamily projects to include physical disability accessible units with a roll-in shower and sensory-accessible units.

Section 19 (462A.37, subdivision 2i) adds an additional authorization to issue up to \$250,000,000 in housing infrastructure bonds.

Section 20 (462A.37, subdivision 2j) adds a subdivision that would allow the agency to issue housing infrastructure bonds to refund bonds already authorized and specifies how this must be done.

Section 21 (462A.37, subdivision 4) adds housing infrastructure bonds issued to refund bonds to the subdivision relating to a previous appropriation for the debt service.

Section 22 (462A.37, subdivision 5) adds housing infrastructure bonds issued to refund bonds to the subdivision relating to previous appropriations for debt service. Paragraph (j) establishes the debt service payments from the general fund to pay for the new housing infrastructure bonds authorized in Section 19.

Section 23 (462A.38, subdivision 1) adds counties to the entities that can be awarded workforce and affordable homeownership development grants.

Section 24 (462A.39, subdivision 2) amends the definition of “eligible project area” in the workforce housing development program section to include counties and federally recognized Tribal reservations.

Section 25 (462A.39, subdivision 5) amends the allocation subdivision for the workforce housing development program to allow a grant or deferred loan to be 50 percent of the project cost and updates the language to reflect the revised definition of eligible project area.

Section 26 [462A.41] establishes the housing cost reduction incentive program that would reimburse cities for fee waivers for some housing developments. The section defines terms, contains requirements for the agency for considering applications, and specifies the maximum grant award.

Section 27 [462A.42] establishes the supportive housing program, describes eligible recipients and projects.

Section 28 [462A.43] establishes the community stabilization program to support preservation of naturally occurring affordable housing, defines “naturally occurring affordable housing,” describes eligible recipients and uses, and details income limits for participating households and rent limits for multifamily housing. The section requires the agency to develop application procedures and allows them to accept them on a rolling basis. It also includes a requirement that grant recipients must accept rental subsidies.

Section 29 amends previous appropriation language for the affordable rental investment fund to allow for the agency to replace federally assisted rental property. This section is effective retroactively from July 1, 2021.

Section 30 establishes the first-generation homebuyers down payment assistance fund pilot project to be administered by Midwest Minnesota Community Development Corporation. The section describes an eligible homebuyer, how the funds can be used, how the project will be administered, and includes a requirement to report to the legislature on the program.

Section 31 establishes the greater Minnesota housing infrastructure grant program to help cities develop public infrastructure necessary to support workforce housing development projects. The section defines terms, contains requirements for the agency for considering applications, and

specifies the maximum grant award. The section also authorizes the commissioner to recall the grant money if a project is not proceeding in a timely way.

Section 32 authorizes the commissioner to make grants to eligible high-rise building owners to install sprinkler systems.

Section 33 requires cities to submit a list of high-rise buildings that do not have a sprinkler system to the state fire marshal.

Section 34 requires the commissioner to convene stakeholders to evaluate methods of processing applications for rental assistance and emergency rental assistance, methods of distributing rental assistance funds, and ways to expedite these processes.

Section 35 establishes the homeownership investment grants program and authorizes the commissioner to award grants to eligible organizations for eligible projects. Each application must include a plan to create new affordable housing opportunities, and the commissioner is required to report on the use of these funds.

Section 36 establishes a manufactured home lending grants program, describes eligible services and organizations, states that loan interest and repayments must be used for the purposes of the program, and requires a report on the program.

Section 37 requires the agency to review financial information of nonprofit grant recipients before awarding a grant and allows them to require further information and enhanced oversight in some circumstances. The section also gives the agency the ability to delay or decline awarding a grant if it determines there is a financial risk.