

Chapter 37 – Enacted Housing and Homelessness Prevention Budget (H.F. No. 2335)

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Article 1: Appropriations for the Housing Finance Agency

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

Article 2: Housing Grant Programs

Section 1 [462A.05, subdivision 42] adds another power to the Minnesota Housing Finance Agency (MHFA) to administer the rent assistance program established in section 2.

Section 2 [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 MHFA to direct program administrators to comply with federal housing choice voucher program regulations.

Section 3 [462A.41] establishes a statewide first-generation homebuyers down payment assistance fund to be administered by MHFA, defines “eligible first-generation homebuyer,” and describes the types of loans that may be issued as well as when loans would need to be repaid.

Section 4 [462A.42] establishes the supportive housing program at MHFA, describes eligible recipients and projects. The section requires the agency to develop application procedures and to consult with stakeholders when developing the program details.

Section 5 establishes the lead safe homes grant program and describes eligible projects and grantees.

Section 6 establishes the community stabilization program at MHFA 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 MHFA 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 7 establishes the greater Minnesota housing infrastructure grant program at MHFA to help cities develop public infrastructure necessary to support workforce housing development projects. The section defines terms, contains requirements for MHFA 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 8 establishes the stable housing organization relief program at MHFA to support nonprofit housing providers experiencing financial hardship. The section describes the criteria organizations must meet in order to receive a grant, requires MHFA to award grants, and requires each grantee to submit a report on the use of the funds awarded.

Section 9 establishes a community-based first-generation homebuyers down payment assistance pilot project to be administered by the Midwest Minnesota Community Development Corporation. The section defines “eligible household,” describes how the funds may be used, describes how the program is to be administered, and requires an annual report to be submitted to the legislature.

Section 10 establishes the high-rise sprinkler system grant program at MHFA to make grants to eligible high-rise building owners to install sprinkler systems.

Section 11 establishes the homeownership investment grants program and authorizes the commissioner of MHFA to award grants to eligible organizations for eligible projects. Each application must include a plan to create new affordable housing opportunities.

Section 12 establishes a first-time homebuyer, fee-based home purchasing financing pilot program to be administered by NeighborWorks Home Partners. The section describes an eligible homebuyer and eligible property, the conditions a homebuyer must meet in order to qualify for assistance, and how NeighborWorks Home Partners may use the funds. NeighborWorks Home Partners will be required to report to the legislature every six months.

Section 13 establishes a manufactured home lending grants program at MHFA, describes eligible services and organizations, requires the commissioner to develop the program in consultation with stakeholders, and states that loan interest and repayments must be used for the purposes of the program.

Article 3: Bonding Authority

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

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

Section 3 (462A.36, subdivision 4) adds nonprofit housing bonds issued to refund bonds to the subdivision relating to the appropriation for the debt service.

Section 4 (462A.37, subdivision 2k) adds a subdivision that would allow MHFA to issue housing infrastructure bonds to refund bonds already authorized and specifies how this must be done.

Section 5 (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 6 (462A.37, subdivision 5) adds housing infrastructure bonds issued to refund bonds to the subdivision relating to previous appropriations for debt service.

Article 4: Eligibility and Uses

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

Section 2 (462A.05, subdivision 42) adds a power to MHFA that requires them to prioritize funding that would serve households most affected by housing disparities.

Section 3 (462A.05, subdivision 43) adds a power to MHFA that allows them to establish special purpose credit programs to assist economically disadvantaged classes of persons.

Section 4 (462A.05, subdivision 44) adds to the powers of MHFA 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 5 (462A.07, subdivision 17) requires MHFA to provide meaningful access to programs and services for individuals with limited English proficiency.

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.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 9 (462A.33, subdivision 2) amends the housing challenge program to include schools as eligible organizations.

Section 10 (462A.33, subdivision 9) adds a subdivision to the housing challenge program specifying that schools may receive grant funding.

Section 11 (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 12 (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 and sensory-accessible units.

Section 13 (462A.38, subdivision 1) adds counties to the entities that can be awarded workforce and affordable homeownership development grants.

Section 14 (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 15 (462A.39, subdivision 5) amends the allocation subdivision for the workforce housing development program to allow a grant or deferred loan to be up to 50 percent of the project cost and updates the language to reflect the revised definition of eligible project area.

Section 16 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.

Article 5: Metropolitan Sales Tax and Housing Aid

Section 1 (297A.99, subdivision 1) amends the local sales tax authorization to include the metropolitan region sales and use tax in section 2.

Section 2 [297A.9925] establishes the metropolitan region sales and use tax to impose a 0.25 percent tax on retail sales in the metropolitan counties. The taxes collected are to be distributed as follows: 25% to the state rent assistance account, 25% to the metropolitan city aid account, and 50% to the metropolitan county aid account.

Section 3 [477A.35] adds a new section to the local government aid chapter to direct how local governments may use the affordable housing aid tax revenue.

Section 4 [477A.37] establishes a housing assistance fund, with two accounts—one for metropolitan county aid and one for metropolitan city aid.

Article 6: Miscellaneous

Section 1 (82.75, subdivision 8) amends the trust account requirements for real estate transactions so interest that accrues on the trust account is paid to the housing trust fund account at MHFA and adds a reporting requirement for MHFA to report annually to the legislature on the amounts deposited in the housing trust fund account.

Section 2 (327C.095, subdivision 12) amends the payment to the Minnesota manufactured home relocation trust fund when a manufactured home park closes so the payments are directed to MHFA.

Section 3 (327C.095, subdivision 13) makes a conforming change relating to the amendment in section 2.

Section 4 (327C.095, subdivision 16) makes a conforming change relating to the amendment in section 2.

Section 5 (327C.096) clarifies that a written notice of sale for a manufactured home park must be provided by the owner to each resident household.

Section 6 [327C.097] adds a section to the statute relating to manufactured home park lot rentals describing the notice required when a park owner receives an unsolicited offer to purchase the park that the owner is intending to consider.

Section 7 (462.357, subdivision 1) amends local government authority for zoning so that modular buildings for residential use may not be prohibited.

Section 8 (469.002, subdivision 12) amends the definition of “project” in the local economic development chapter to include a workforce housing project.

Section 9 (469.002, subdivision 25) adds a new definition of “workforce housing project” to the local economic development chapter.

Section 10 (500.20, subdivision 2a) excludes declarations required by a government entity related to affordable housing from the 30-year limitation period relating to real property.

Section 11 (Laws 2023, chapter 20, section 1) amends the conditions for the appropriation of \$50 million for the family homeless prevention and assistance program, allowing MHFA to grant funds to entities other than counties in the metropolitan area if the need exists, and exempts some projects from some of the program requirements.

Section 12 transfers responsibility for payments into the housing trust fund account and the Minnesota manufactured home relocation trust fund from the commissioner of management and budget to MHFA and requires the commissioner of management and budget to notify those who submitted payments that future payments should be submitted to MHFA.

Section 13 requires cities to submit a list of high-rise buildings that do not have a sprinkler system to the state fire marshal.

Section 14 establishes a workgroup on expediting rental assistance 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. The workgroup must submit a report to the legislature by February 1, 2024.