

Howard and Igo from the Committee on Housing Finance and Policy to which was referred:

H. F. No. 2309, A bill for an act relating to housing; modifying housing provisions; modifying funding provisions of the rental assistance program; expanding eligibility criteria for certain programs; removing certain funding restrictions for workforce housing projects; clarifying eligible uses for housing aid funds; modifying provisions in the high-rise sprinkler system program; amending Minnesota Statutes 2024, sections 462A.051, subdivision 2; 462A.2095, subdivision 3; 462A.33, subdivision 9; 462A.40, subdivision 3; 477A.35, subdivision 5; 477A.36, subdivision 5; Laws 2023, chapter 37, article 1, section 2, subdivision 21; article 2, section 10.

Reported the same back with the following amendments:

Page 1, after line 10, insert:

"ARTICLE 1

MINNESOTA HOUSING FINANCE AGENCY"

Page 1, after line 17, insert:

"Sec. 2. Minnesota Statutes 2024, section 462A.07, is amended by adding a subdivision to read:

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."

Page 2, after line 21, insert:

"Sec. 5. Minnesota Statutes 2024, section 462A.37, subdivision 2, is amended to read:

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.

Sec. 6. Minnesota Statutes 2024, section 462A.39, subdivision 5, is amended to read:

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. If an eligible project area is selected for an award of a grant or loan under section 462A.40 and the award is funded by contributions to the Minnesota housing tax credit account that are intended for a specific project in the eligible project area, the amount of the award may count toward the matching requirement of this subdivision.

Sec. 7. Minnesota Statutes 2024, section 462A.40, subdivision 2, is amended to read:

Subd. 2. **Use of funds; grant and loan program.** (a) The agency may award grants and loans to be used for workforce housing and 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

5.1 reductions, including but not limited to increased density, flexibility in site development
5.2 standards, or zoning code requirements."

5.3 Page 4, line 5, delete "Except for projects receiving funding under section 462A.39,"

5.4 Page 4, line 7, after the period, insert "This requirement does not apply to a project
5.5 meeting the requirements of section 462A.39, subdivision 4, paragraph (a)."

5.6 Page 4, after line 7, insert:

5.7 "Sec. 9. Minnesota Statutes 2024, section 462C.16, subdivision 1, is amended to read:

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

5.10 (b) "Commissioner" means the commissioner of the Minnesota Housing Finance Agency.

5.11 (c) "Fund" means a local housing trust fund or a regional housing trust fund.

5.12 (d) "Local government" means any statutory or home rule charter city, a housing and
5.13 redevelopment authority, or a county.

5.14 (e) "Local housing trust fund" means a fund established by a local government with one
5.15 or more dedicated sources of public revenue for housing.

5.16 (f) "Regional housing trust fund" means a fund established and administered under a
5.17 joint powers agreement entered into by two or more local governments with one or more
5.18 dedicated sources of public revenue for housing."

5.19 Page 6, after line 29, insert:

5.20 **"ARTICLE 2**

5.21 **PUBLIC CORPORATION FOR RENTAL PROPERTY**

5.22 Section 1. Minnesota Statutes 2024, section 15.082, is amended to read:

5.23 **15.082 OBLIGATIONS OF PUBLIC CORPORATIONS.**

5.24 Notwithstanding any other law, the state is not liable for obligations of a public
5.25 corporation created by statute. Upon dissolution of the public corporation, its wholly owned
5.26 assets become state property. Partially owned assets become state property to the extent
5.27 that state money was used to acquire them.

5.28 This section does not apply to a public corporation governed by chapter 119 or section
5.29 469.0121.

6.1 **EFFECTIVE DATE.** This section is effective July 1, 2025.

6.2 Sec. 2. Minnesota Statutes 2024, section 462A.202, subdivision 3a, is amended to read:

6.3 Subd. 3a. **Permanent rental housing.** The agency may make loans, with or without
6.4 interest, to cities and counties to finance the construction, acquisition, or rehabilitation of
6.5 affordable, permanent, and publicly owned rental housing, including housing owned by a
6.6 public corporation created pursuant to section 469.0121. Loans made under this subdivision
6.7 are subject to the restrictions of subdivision 7. In making loans under this subdivision, the
6.8 agency shall give priority to projects that increase the supply of affordable family housing.

6.9 Sec. 3. Minnesota Statutes 2024, section 462C.02, subdivision 6, is amended to read:

6.10 Subd. 6. **City.** "City" means any statutory or home rule charter city, a county housing
6.11 and redevelopment authority created by special law or authorized by its county to exercise
6.12 its powers pursuant to section 469.004, or any public body which (a) is the housing and
6.13 redevelopment authority in and for a statutory or home rule charter city, the port authority
6.14 of a statutory or home rule charter city, ~~or~~ an economic development authority of a city
6.15 established under sections 469.090 to 469.108, or a public corporation created pursuant to
6.16 section 469.0121, and (b) is authorized by ordinance to exercise, on behalf of a statutory or
6.17 home rule charter city, the powers conferred by sections 462C.01 to 462C.10.

6.18 Sec. 4. Minnesota Statutes 2024, section 469.012, subdivision 2j, is amended to read:

6.19 Subd. 2j. **May be in LLP, LLC, or corporation; bound as if HRA.** (a) An authority
6.20 may become a member or shareholder in and enter into or form limited partnerships, limited
6.21 liability companies, or corporations for the purpose of developing, constructing, rehabilitating,
6.22 managing, supporting, or preserving housing projects and housing development projects,
6.23 including low-income housing tax credit projects. These limited partnerships, limited liability
6.24 companies, or corporations are subject to all of the provisions of sections 469.001 to 469.047
6.25 and other laws that apply to housing and redevelopment authorities, as if the limited
6.26 partnership, limited liability company, or corporation were a housing and redevelopment
6.27 authority.

6.28 (b) An authority may create a public corporation in accordance with section 469.0121
6.29 for the purpose of purchasing, owning, and operating real property converted through the
6.30 federal Rental Assistance Demonstration program under Public Law 112-55, as amended.

6.31 **EFFECTIVE DATE.** This section is effective July 1, 2025.

7.1 Sec. 5. [469.0121] PUBLIC CORPORATION; RENTAL ASSISTANCE

7.2 DEMONSTRATION PROGRAM.

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

7.5 (b) "Authority" has the meaning given under section 469.002, subdivision 2.

7.6 (c) "Board" means the board of directors of a corporation created under this section.

7.7 (d) "Corporation" means a public corporation created under this section.

7.8 (e) "RAD" means the federal Rental Assistance Demonstration program under Public
7.9 Law 112-55, as amended.

7.10 Subd. 2. Public corporation created. An authority may create a public corporation to
7.11 purchase, own, and operate real property that has been converted through RAD to preserve
7.12 and improve public housing properties. A public corporation created under this section is
7.13 also a political subdivision of the state and is limited to the powers in this section.

7.14 Subd. 3. Corporation powers. (a) The corporation has the following general powers:

7.15 (1) to have succession until dissolved by law;

7.16 (2) to sue and be sued in its corporate name;

7.17 (3) to adopt, alter, and use a corporate seal which shall be judicially noticed;

7.18 (4) to accept, hold, and administer gifts and bequests of money, securities, or other
7.19 personal property of whatsoever character, absolutely or in trust, for the purposes for which
7.20 the corporation is created. Unless otherwise restricted by the terms of the gift or bequest,
7.21 the corporation is authorized to sell, exchange, or otherwise dispose of and to invest or
7.22 reinvest in such investments as the corporation may determine with the money, securities,
7.23 or other property given or bequeathed to the corporation. The principal of and income from
7.24 the corporate funds and all other revenues received by the corporation from any source
7.25 whatsoever shall be placed in such depositories as the board of directors shall determine
7.26 and shall be subject to expenditure for corporate purposes;

7.27 (5) to enter into contracts generally and to execute all instruments necessary or appropriate
7.28 to carry out the corporate purposes;

7.29 (6) to appoint and prescribe the duties of officers, agents, and employees as may be
7.30 necessary to carry out the work of the corporation and to compensate officers, agents, and
7.31 employees;

8.1 (7) to purchase all supplies and materials necessary for carrying out the purposes of the
8.2 corporation;

8.3 (8) to accept from the United States, the state of Minnesota, or any of their agencies
8.4 money or other assistance whether by gift, loan, or otherwise to carry out the purposes of
8.5 the corporation, and enter into contracts with the United States, the state of Minnesota, any
8.6 of the agencies of either, or any of the political subdivisions of the state as it may deem
8.7 proper and consistent with the purposes of this section;

8.8 (9) to contract and make cooperative agreements with federal, state, and municipal
8.9 departments and agencies and private corporations, associations, and individuals for the use
8.10 of the corporation property, including but not limited to rental agreements; and

8.11 (10) to acquire real or personal property or any interest therein in any manner authorized
8.12 under section 469.012, subdivision 1g, including by the exercise of eminent domain.

8.13 (b) A corporation may acquire properties converted under RAD, subject to restrictions
8.14 and conditions compatible with funding acquisitions of and improvements to real property
8.15 with state general obligation bond proceeds. The commissioner of management and budget
8.16 must determine the necessary restrictions and conditions under this paragraph.

8.17 Subd. 4. **Board of directors.** (a) A corporation is governed by a board of directors, with
8.18 each commissioner of the authority that created the corporation serving as a member.

8.19 (b) The term of a director shall coincide with their term as a commissioner of the authority
8.20 that created the corporation, except that a director's term shall continue after their term as
8.21 a commissioner is complete until a successor commissioner is duly appointed and qualified.

8.22 (c) Board members must not be compensated for their service as board members but
8.23 may receive reimbursement for reasonable expenses incurred in connection with their duties
8.24 as board members. The state auditor must review the reimbursements to board members
8.25 each year.

8.26 (d) The board must annually elect from among its members a chair and other officers
8.27 necessary for the performance of its duties.

8.28 Subd. 5. **Bylaws.** The board of directors must adopt bylaws and rules as it deems
8.29 necessary for the administration of its functions and the accomplishment of its purpose,
8.30 including among other matters the establishment of a business office and the rules, the use
8.31 of the project-based rental assistance properties, and the administration of corporation funds.

8.32 Subd. 6. **Place of business.** The board must locate and maintain the corporation's place
8.33 of business in the city in which the authority that created the corporation is located.

9.1 Subd. 7. **Open meetings; data practices.** Meetings of the board are subject to chapter
9.2 13D and meetings of the board conducted by interactive technology are subject to section
9.3 13D.02. The board is subject to chapter 13, the Minnesota Government Data Practices Act,
9.4 and shall protect data classified as not public from unlawful disclosure.

9.5 Subd. 8. **Compliance.** The corporation must comply with all federal, state, and local
9.6 laws, rules, ordinances, and other regulations required to own and operate properties as
9.7 project-based rental assistance properties.

9.8 Subd. 9. **Dissolution.** Upon dissolution of the corporation for any reason, its wholly
9.9 owned assets become property of the authority that created the corporation.

9.10 **EFFECTIVE DATE.** This section is effective July 1, 2025."

9.11 Renumber the sections in sequence

9.12 Amend the title as follows:

9.13 Page 1, line 2, delete everything after the first semicolon

9.14 Page 1, delete lines 3 to 5

9.15 Page 1, line 6, delete "system program" and insert "modifying certain housing policy
9.16 provisions; modifying eligibility and funding provisions for certain housing programs;
9.17 modifying the high-rise sprinkler system program; authorizing housing and redevelopment
9.18 authorities to create public corporations"

9.19 Correct the title numbers accordingly

9.20 With the recommendation that when so amended the bill be placed on the General
9.21 Register.

9.22 This Committee action taken April 2, 2025

9.23 Co-Chair

9.24 Co-Chair