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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 3326

02/13/2020 Authored by Hausman, Urdahl, Lee, Howard, Jurgens and others
The bill was read for the first time and referred to the Housing Finance and Policy Division
02/24/2020 Adoption of Report: Amended and re-referred to the Capital Investment Division

1.1 A bill for an act
1.2 relating to capital investment; authorizing the sale and issuance of housing
1.3 infrastructure bonds; appropriating money for public housing rehabilitation;
1.4 increasing the supply of shelters; adding an eligible use of housing infrastructure
1.5 bonds; authorizing the sale and issuance of state bonds; amending Minnesota
1.6 Statutes 2018, section 462A.37, by adding a subdivision; Minnesota Statutes 2019
1.7 Supplement, section 462A.37, subdivisions 2, 5.

1.8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.9 Section 1. Minnesota Statutes 2019 Supplement, section 462A.37, subdivision 2, is
1.10 amended to read:

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

1.17 (1) to finance the costs of the construction, acquisition, and rehabilitation of supportive
1.18 housing for individuals and families who are without a permanent residence;

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

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

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

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

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

2.10 (7) to finance the costs of construction, acquisition, and rehabilitation of permanent
2.11 housing that is affordable to households with incomes at or below 50 percent of the area
2.12 median income. "Area median income" means the area median income for the applicable
2.13 county or metropolitan area as published by the Department of Housing and Urban
2.14 Development, as adjusted for household size.

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

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

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

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

2.24 (1) demonstrate a commitment to maintaining the housing financed as affordable to
2.25 seniors;

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

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

2.30 (4) provide a service plan containing the elements of clause (3) reviewed by the housing
2.31 authority, economic development authority, public housing authority, or community

3.1 development agency that has an area of operation for the jurisdiction in which the project
3.2 is located; and

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

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

3.8 (e) To the extent practicable, the agency shall balance the loans made between projects
3.9 in the metropolitan area and projects outside the metropolitan area. Of the loans made to
3.10 projects outside the metropolitan area, the agency shall, to the extent practicable, balance
3.11 the loans made between projects in counties or cities with a population of 20,000 or less,
3.12 as established by the most recent decennial census, and projects in counties or cities with
3.13 populations in excess of 20,000.

3.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.15 Sec. 2. Minnesota Statutes 2018, section 462A.37, is amended by adding a subdivision to
3.16 read:

3.17 Subd. 2g. **Additional authorization.** (a) In addition to the amount authorized in
3.18 subdivisions 2 to 2f, the agency may issue up to \$400,000,000 in housing infrastructure
3.19 bonds in one or more series to which the payments under this section may be pledged.

3.20 (b) Of this amount, \$40,000,000 is to finance the costs of the construction, acquisition,
3.21 and rehabilitation of shelters statewide. "Shelter" means a facility, the primary purpose of
3.22 which is to provide a temporary shelter for the homeless in general or for a specific homeless
3.23 population, and that does not require occupants to sign leases or occupancy agreements.

3.24 (c) If viable proposals for the purposes of paragraph (b) do not use all of the authority
3.25 granted in this subdivision by [date], the agency may use the remainder of the authority for
3.26 any purpose authorized in this section.

3.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.1 Sec. 3. Minnesota Statutes 2019 Supplement, section 462A.37, subdivision 5, is amended
4.2 to read:

4.3 Subd. 5. **Additional appropriation.** (a) The agency must certify annually to the
4.4 commissioner of management and budget the actual amount of annual debt service on each
4.5 series of bonds issued under ~~subdivisions 2a to 2f~~ this section.

4.6 (b) Each July 15, beginning in 2015 and through 2037, if any housing infrastructure
4.7 bonds issued under subdivision 2a remain outstanding, the commissioner of management
4.8 and budget must transfer to the housing infrastructure bond account established under section
4.9 462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed \$6,400,000
4.10 annually. The amounts necessary to make the transfers are appropriated from the general
4.11 fund to the commissioner of management and budget.

4.12 (c) Each July 15, beginning in 2017 and through 2038, if any housing infrastructure
4.13 bonds issued under subdivision 2b remain outstanding, the commissioner of management
4.14 and budget must transfer to the housing infrastructure bond account established under section
4.15 462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed \$800,000
4.16 annually. The amounts necessary to make the transfers are appropriated from the general
4.17 fund to the commissioner of management and budget.

4.18 (d) Each July 15, beginning in 2019 and through 2040, if any housing infrastructure
4.19 bonds issued under subdivision 2c remain outstanding, the commissioner of management
4.20 and budget must transfer to the housing infrastructure bond account established under section
4.21 462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed \$2,800,000
4.22 annually. The amounts necessary to make the transfers are appropriated from the general
4.23 fund to the commissioner of management and budget.

4.24 (e) Each July 15, beginning in 2020 and through 2041, if any housing infrastructure
4.25 bonds issued under subdivision 2d remain outstanding, the commissioner of management
4.26 and budget must transfer to the housing infrastructure bond account established under section
4.27 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary
4.28 to make the transfers are appropriated from the general fund to the commissioner of
4.29 management and budget.

4.30 (f) Each July 15, beginning in 2020 and through 2041, if any housing infrastructure
4.31 bonds issued under subdivision 2e remain outstanding, the commissioner of management
4.32 and budget must transfer to the housing infrastructure bond account established under section
4.33 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary

5.1 to make the transfers are appropriated from the general fund to the commissioner of
5.2 management and budget.

5.3 (g) Each July 15, beginning in 2022 and through 2043, if any housing infrastructure
5.4 bonds issued under subdivision 2f remain outstanding, the commissioner of management
5.5 and budget must transfer to the housing infrastructure bond account established under section
5.6 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary
5.7 to make the transfers are appropriated from the general fund to the commissioner of
5.8 management and budget.

5.9 (h) Each July 15, beginning in 2023 and through 2044, if any housing infrastructure
5.10 bonds issued under subdivision 2g remain outstanding, the commissioner of management
5.11 and budget must transfer from the general fund to the housing infrastructure bond account
5.12 established under section 462A.21, subdivision 33, the amount certified under paragraph
5.13 (a). The amounts necessary to make the transfers are appropriated from the general fund to
5.14 the commissioner of management and budget.

5.15 ~~(h)~~ (i) The agency may pledge to the payment of the housing infrastructure bonds the
5.16 payments to be made by the state under this section.

5.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

5.18 **Sec. 4. PUBLIC HOUSING REHABILITATION.**

5.19 Subdivision 1. **Appropriation.** \$100,000,000 is appropriated from the bond proceeds
5.20 fund to the Minnesota Housing Finance Agency for transfer to the housing development
5.21 fund to finance the costs of rehabilitation to preserve public housing under Minnesota
5.22 Statutes, section 462A.202, subdivision 3a. For purposes of this section, "public housing"
5.23 means housing for low-income persons and households financed by the federal government
5.24 and owned and operated by the public housing authorities and agencies formed by cities
5.25 and counties. Public housing authorities receiving a public housing assessment composite
5.26 score of 80 or above or an equivalent designation are eligible to receive funding. Priority
5.27 must be given to proposals that maximize federal or local resources to finance the capital
5.28 costs. The priority in Minnesota Statutes, section 462A.202, subdivision 3a, for projects to
5.29 increase the supply of affordable housing and the restrictions of Minnesota Statutes, section
5.30 462A.202, subdivision 7, do not apply to this appropriation.

5.31 Subd. 2. **Bond sale.** To provide the money appropriated in this section from the bond
5.32 proceeds fund, the commissioner of management and budget shall sell and issue bonds of
5.33 the state in an amount up to \$100,000,000 in the manner, upon the terms, and with the effect

- 6.1 prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota
- 6.2 Constitution, article XI, sections 4 to 7.
- 6.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.