

Subject Omnibus housing finance and policy bill

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Overview

This bill appropriates money both to the Minnesota Housing Finance Agency (MHFA) to fund housing programs and to Minnesota Management and Budget (MMB) to fund a study. It also establishes various grant and pilot programs, expands MHFA's bonding authority, and authorizes issuance of \$200,000,000 in housing infrastructure bonds (HIBs). The bill modifies allowable uses and eligibility requirements of existing MHFA programs. The bill also establishes a metropolitan sales tax and dedicates proceeds from the tax to a metropolitan housing aid program and to metropolitan administrators of a proposed rental assistance program.

This bill also makes several miscellaneous changes relating to housing policy, including making MHFA the recipient of certain deposits for the housing trust fund and the manufactured home relocation trust fund, removing statutory limits on the duration of affordability covenants, requiring reports on the numbers of high-rises without sprinkler systems, and commissioning a study on—and establishing a legislative task force to convene and report on—expediting rental assistance payments.

Article 1: Housing Appropriations

This article appropriates money to MHFA and to MMB.

Section Description – Article 1: Housing Appropriations

1 **Appropriations.**

2 **Housing finance agency.**

Subd. 1. Total appropriation.

Subd. 2. Challenge program. For Minn. Stat. §§ 462A.33 and 462A.07, subd. 14.

Section Description – Article 1: Housing Appropriations

- Subd. 3. Workforce housing development.** For Minn. Stat. § 462A.39.
- Subd. 4. Manufactured home park infrastructure grants.** For Minn. Stat. § 462A.2035, subd. 1b.
- Subd. 5. Workforce homeownership program.** For Minn. Stat. § 462A.38.
- Subd. 6. Housing trust fund.** For Minn. Stat. § 462A.201.
- Subd. 7. Childhood housing stability.** For Minn. Stat. §§ 462A.201, subd. 2, paragraph (a), clause (4) and 462A.204, subd. 8.
- Subd. 8. Bridges.** For Minn. Stat. § 462A.2097.
- Subd. 9. Family homeless prevention and assistance.** For Minn. Stat. § 462A.204.
- Subd. 10. Home ownership assistance fund.** For Minn. Stat. § 462A.21, subd. 8.
- Subd. 11. Affordable rental investment fund.** For Min. Stat. §§ 462A.21, subd. 8b and 462A.05, subd. 39.
- Subd. 12. Owner-occupied housing rehabilitation.** For Minn. Stat. § 462A.05, subds. 14 and 14a.
- Subd. 13. Rental housing rehabilitation.** For Minn. Stat. § 462A.05, subd. 14.
- Subd. 14. Homeownership education, counseling, and training.** For Minn. Stat. § 462A.209.
- Subd. 15. Capacity-building grants.** For Minn. Stat. § 462A.21, subd. 3b.
- Subd. 16. Supportive housing.** For the proposed Minn. Stat. § 462A.42.
- Subd. 17. Greater Minnesota housing infrastructure grants.** For the proposed Minn. Stat. § 462A.43.
- Subd. 18. Housing infrastructure bonds.** For Minn. Stat. § 462A.37, subd. 2.
- Subd. 19. Homeownership investment grants.** For homeownership investment grants.
- Subd. 20. Manufactured home lending grants.** For manufactured home lending grants.

Section Description – Article 1: Housing Appropriations

Subd. 21. Manufactured home park cooperative purchase. For a revolving loan fund for purchase by cooperatives of manufactured home parks.

Subd. 22. Local housing trust fund. For grants to existing local housing trust funds and for grants to establish new local housing trust funds.

Subd. 23. Rent assistance. For the proposed Minn. Stat. § 462A.2095.

Subd. 24. First-generation homebuyers down payment assistance fund. For a grant to Midwest Minnesota community development corporation to operate a down payment assistance program.

Subd. 25. Build Wealth MN. For a grant to Build Wealth Minnesota to provide a family stabilization plan program.

Subd. 26. First-time homebuyer, fee-based home purchase financing. For a grant to NeighborWorks Home Partners to operate a down payment assistance program for homebuyers using fee-based mortgages.

Subd. 27. Community stabilization. For the proposed Minn. Stat. § 462A.41.

Subd. 28. High-rise sprinkler system grant. For grants to install sprinkler systems in high-rise residential buildings.

Subd. 29. Lead-safe grants program. For the proposed Minn. Stat. § 462A.2096.

Subd. 30. Landlord risk mitigation fund. For grants to nonprofits to reimburse landlords for costs of renting to recipients of certain rental subsidies.

Subd. 31. Housing mediation. For the Minnesota housing mediation grant program.

Subd. 32. Northland Foundation. For a grant to Northland Foundation for it to expend on authorized expenditures of local housing trust funds and to assist local governments in forming local housing trust funds.

Subd. 33. Stable housing organization relief. For grants to nonprofit housing providers under the stable housing organization relief grant program.

3 Management and budget.

Appropriates money to MMB for a study by Management Analysis and Development on expediting rental assistance.

Section Description – Article 1: Housing Appropriations

- 4 Fiscal year 2023 appropriation to the Minnesota Housing Finance Agency.**
Appropriates \$50,000,000 in fiscal year 2023 from the general fund to MHFA for the family homeless prevention and assistance program (FHPAP). Requires MHFA to make good faith efforts to spend the money by June 30, 2024. Allows MHFA to award grants to existing FHPAP grantees without additional requests for proposals. Exempts use of grant awards from normal FHPAP requirements limiting rental assistance to 24 months. Exempts community-based nonprofit organizations outside the metropolitan area from FHPAP requirements that they receive a sponsoring resolution from the county or counties in which they intend to provide FHPAP services. Allows MHFA to award grants in the metropolitan area to entities other than counties. When multiple grantees cover the same area, allows the grantees to use the local Continuum of Care in lieu of the generally required advisory council and exempts these grantees from certain planning requirements. Provides that the appropriation will only be made once if it is authorized more than once in the 2023 regular session and applies these rules to any other law authorizing this appropriation.

Article 2: Housing Grant Programs

Establishes various pilot, grant, and loan programs.

Section Description – Article 2: Housing Grant Programs

- 1 Rent assistance program.**
Amends the powers of the Minnesota Housing Finance Agency (MHFA) to include administering the rent assistance program created under section 462A.2095.
- 2 Rent assistance program established.**
Creates section 462A.2095, a new rent assistance program administered by MHFA.
- Subd. 1. Program established.** Establishes the state rent assistance account. Grants from MHFA to program administrators under the rent assistance program are funded through this account. Requires that money appropriated to the program from proceeds from the metropolitan sales tax be spent on program administrators within the metropolitan area. Requires that money appropriated to the program from the general fund be spent on program administrators outside the metropolitan counties.

Section Description – Article 2: Housing Grant Programs

Subd. 2. Definitions. The terms “eligible household” and “program administrator” are defined in this subdivision for the purposes of the rent assistance program.

“Eligible household” means a household with an annual income up to 50 percent of the area median income and paying more than 30 percent of the household’s annual income on rent. Households receiving Section 8 federal assistance are not eligible for the rent assistance program.

“Program administrator” means (1) a housing and redevelopment authority or other local government agency or authority that administers Section 8 federal assistance, (2) a Tribal government or Tribal housing authority, or (3) a nongovernmental organization determined by MHFA to have the capacity to run the rent assistance program in the event the local housing authority, Tribal government, or Tribal housing authority declines to administer it.

Subd. 3. Grants to program administrators. Authorizes MHFA to make grants to program administrators to provide project- or tenant-based vouchers for eligible households. Requires the agency to make grants statewide in proportion to the number of eligible households in each county according to data from the most recent American Community Survey. Allows program administrators to use existing procedures to administer the rent assistance program or to develop alternative procedures approved by MHFA.

Subd. 4. Amount of rent assistance. Sets the amount of rent assistance to eligible households as the difference between 30 percent of household income and the rent charged, plus an allowance for utilities if they are not included in the rent amount. The amount of assistance cannot exceed the difference between 30 percent of household income and 120 percent of the payment standard, plus utilities, established by the local public housing authority, unless approved by MHFA.

Subd. 5. Administrative fee. Requires MHFA to consult with local public housing authorities in determining the amount of administrative expenses to allow program administrators.

Subd. 6. Rent assistance not income. Excludes rent assistance from income calculated for the purposes of income taxes or public assistance.

Subd. 7. Oversight. Allows the agency to direct program administrators to comply with federal regulations governing the section 8 program.

Section Description – Article 2: Housing Grant Programs

3 Lead safe homes grant program.

Subd. 1. Establishment. Requires MHFA to establish a lead safe homes grant program and requires initial grant awards to one project serving an area in a metropolitan county and to one project serving an area outside of the metropolitan counties. Requires targeting of grant resources to landlords and tenants where there are high concentrations of lead poisoning in children.

Subd. 2. Eligibility. Eligible grantees include nonprofits and political subdivisions. Requires that grantees provide lead testing and remediation to: landlords of buildings with fewer than 12 units where the tenant’s income does not exceed 60 percent of area median income; landlords of residential buildings with more than 11 units where at least half of the tenants are below 60 percent of area median income; and tenants whose income does not exceed 60 percent of area median income. Requires that landlords or tenants access other public funding prior to seeking funding under this grant program. Allows up to ten percent of a grant to be spent on administrative expenses and lead outreach.

Subd. 3. Short title. Titles the act the “Dustin Luke Shields Act”.

4 Minnesota housing mediation grant program.

Subd. 1. Establishment; purpose. Requires the agency to establish a housing mediation program.

Subd. 2. Selection criteria. Requires the agency to develop selection criteria and application forms for certified community dispute programs which can receive grants under this section.

Subd. 3. Administration. Requires the agency to award a grant to Community Mediation Minnesota to administer the program.

Subd. 4. Eligible uses of grant. Requires that grants be spent on providing housing dispute resolution services; increasing awareness of and access to these services; providing training and assistance to culturally specific dispute resolution programs; increasing the diversity and cultural competency of housing mediators; integrating housing mediation services into resource connection services, legal assistance, and court service programs; and developing and administering evaluation tools so that effective outcomes can be replicated.

5 Community stabilization program.

Establishes an MHFA grant and loan program to preserve naturally occurring affordable housing (NOAH).

Section Description – Article 2: Housing Grant Programs

Subd. 1. Establishment. Establishes a community stabilization program to preserve NOAH.

Subd. 2. Definitions. Defines NOAH as: (1) multifamily rental housing at least 20 years old in which a majority of the units are affordable to households at or below 115 percent of the greater of state or area median income; or (2) within areas with high risk of displacement, owner-occupied housing affordable to households at or below 115 percent of the greater of state or area median income.

Subd. 3. Eligible recipients. Allows grants and loans to be distributed to local governments, Tribal governments, private developers, limited equity cooperatives, cooperatives, community land trusts, and nonprofits. Requires MHFA to use a statewide intermediary for multifamily rental housing; allows MHFA to use a statewide intermediary for owner-occupied housing.

Subd. 4. Eligible uses. Requires grants and loans to be used for acquiring, rehabilitating, gap financing, or reducing interest rates of NOAH. Requires prioritization of funding for proposals serving lower incomes or creating longer periods of affordability.

Subd. 5. Owner-occupied housing income limits. Requires that grants or loans for owner-occupied housing be used for households which were at or below 115 percent of the greater of area or state median income at the time of initial occupancy.

Subd. 6. Multifamily housing rent limits. Requires multifamily rental housing financed through the program to remain affordable to low- or moderate-income households, as defined by MHFA.

Subd. 7. Application. Requires MHFA both to create procedures, guidelines, and forms for the program and to consult with stakeholders when developing these materials. Allows MHFA to accept applications on a noncompetitive, rolling basis.

Subd. 8. Voucher requirement for multifamily properties. Requires rental properties funded under this section to accept rental subsidies.

6 Supportive housing program.

Subd. 1. Establishment. Establishes a grant program to improve supportive housing for persons who are at risk of homelessness or who have experienced homelessness.

Section Description – Article 2: Housing Grant Programs

Subd. 2. Definition. Defines supportive housing as housing that: (1) is not time-limited; (2) provides or coordinates services to stabilize residents' housing; and (3) maximizes opportunities for education and employment.

Subd. 3. Eligible recipients. Lists eligible recipients as a local government, an Indian Tribe, a Tribally Designated Housing Entity, a private developer, or a nonprofit.

Subd. 4. Eligible uses. Requires that funds be used both: (1) to cover costs needed for supportive housing to operate effectively; and (2) to create partnerships to provide services to residents, to improve residents' access to healthcare, and to reduce residents' use of emergency and institutional care.

Subd. 5. Application. Requires the commissioner to develop program procedures, guidelines, and forms and to consult with stakeholders in developing these materials.

7 Greater Minnesota housing infrastructure program.

Creates the greater Minnesota housing infrastructure grant program to fund eligible workforce housing development projects outside of the metropolitan area.

Subd. 1. Grant program established. Authorizes the commissioner of employment and economic development to make grants to counties and cities in greater Minnesota to provide up to 50 percent of the capital costs of public infrastructure for an eligible workforce housing development project. Limits awards to projects which nonstate resources have been committed to completing.

Subd. 2. Definitions. Defines terms for the purposes of the section.

Subd. 3. Eligible project. Clarifies that eligible projects may be single-family, manufactured home park, or multifamily housing developments which are owner-occupied or rental properties.

Subd. 4. Applications. Requires a county or city application to certify that a nonstate match is available. Requires the commissioner to review applications to determine that a project is necessary to promote housing development and that the increase in housing will result in significant investment in the city.

Subd. 5. Maximum grant amount. Limits grant awards to \$30,000 per lot for housing containing fewer than four units per building and to \$60,000 per lot for housing with more than four units per building, including manufactured home parks. Limits total awards to a city to \$500,000 for each two-year period.

Section Description – Article 2: Housing Grant Programs

Subd. 6. Cancellation of grant; return of grant money. Requires the commissioner to demand repayment of a grant if after five years the commissioner determines that the project has not proceeded in a timely manner and is unlikely to be completed.

Subd. 7. Appropriation. Appropriates returned grant money to the commissioner for additional grants under the program.

8 **Stable housing organization relief program.**

Establishes a grant program with MHFA to award grants to nonprofit housing providers that are experiencing significant detrimental financial impacts.

9 **First-generation homebuyers down payment assistance program.**

Subd. 1. Establishment. Establishes a first-generation homebuyer down payment assistance fund to be administered by Midwest Minnesota Community Development Corporation (MMCDC).

Subd. 2. Eligible household. Defines an eligible household as a household whose income is less than area median income and which includes an individual (1) who either never owned a home or owned a home but lost the home due to foreclosure, (2) who is preapproved for a first mortgage loan, and (3) whose parent or prior legal guardian either never owned a home or owned a home but lost the home due to foreclosure. Requires an individual meeting these criteria to complete a homebuyer education course and to occupy the home purchased with funds from this program.

Subd. 3. Use of funds. Limits assistance to \$32,000 and ten percent of the purchase price of a home. Forgives 20 percent of the loan each year on the anniversary of the loan but requires repayment if the homebuyer sells the property, transfers title, stops occupying the property, or has the home foreclosed on.

Subd. 4. Administration. Provides that MMCDC administers the program. Allows MMCDC to partner with community development financial institutions (CDFIs), nonprofits, or Tribal entities. Limits administrative expenses to \$3,200 per loan and requires funds returned for early resale to be expended on down payment assistance.

Subd. 5. Report to legislature. Requires MMCDC to report annually to the legislature on the program.

Section Description – Article 2: Housing Grant Programs

10 High-rise sprinkler system grant program.

Subd. 1. Definitions. Defines an “eligible building” as a building in which (1) at least one story is both used for human occupancy and at least 75 feet above fire department vehicle access and (2) at least two thirds of any housing units are affordable to, and occupied by, persons earning less than 50 percent of area median income, adjusted by family size. Defines a “sprinkler system” as a fire protection system as defined by law.

Subd. 2. Grant program. Requires MHFA to award grants of up to \$2,000,000 to owners of eligible buildings for installation of sprinkler systems. Requires a 25 percent match from nonprofit building owners; requires a 50 percent match from for-profit building owners.

Subd. 3. Expiration. Expires the section on June 30, 2026.

11 Local housing trust fund grants.

Establishes a program for grants to local housing trust funds. Grants are conditional on a commitment of public revenue from any revenue source other than the state or federal government and may total up to \$300,000. Allocates \$100,000 for grants of up to \$5,000 for assistance in establishing local and regional trust funds. Requires both that grantees use or return grant funds within eight years of receipt and that grant funds be used for statutorily authorized expenditures to benefit households below 115 percent of the statewide median income.

12 Homeownership investment grants program.

Establishes a grant program for housing development, housing financing, and housing services.

Subd. 1. Definitions. Defines terms for the purposes of the program.

Subd. 2. Eligible organization. Defines an eligible organization as a nonprofit community development financial institution with primary operations located in the state.

Subd. 3. Eligible services. Defines eligible services as housing development; financing programs for new construction or manufactured housing; acquiring, rehabilitating, or reselling homes for owner occupancy; or services to increase access to owner-occupied housing in low-income communities, Indigenous American Indian communities, and communities of color.

Subd. 4. Commissioner duties. Requires the commissioner of MHFA to consult with stakeholders in developing program procedures, guidelines, and materials. Requires the commissioner to distribute grants throughout the state and to prioritize grant awards to applicants with an intent to regrant funds to nonprofit

Section Description – Article 2: Housing Grant Programs

developers and lenders. Requires applicants to submit a plan for use of grant moneys. Requires a report to the legislature on January 15, 2024.

13 First-time homebuyer, fee-based home purchase financing program.

Awards a grant to NeighborWorks Home Partners to operate a downpayment assistance program for first-time homebuyers purchasing a first home with an interest-free, fee-based mortgage.

14 Manufactured home lending grants.

Subd. 1. Definitions. Defines terms for the purposes of this section.

Subd. 2. Eligible organizations. Defines eligible grant recipients as nonprofit organizations with primary operations in Minnesota that are qualified nonprofit lenders who serve low-income manufactured home park communities in parks owned by residents, cooperatives, nonprofits, or municipalities.

Subd. 3. Eligible services. Allows grants to fund financing programs for the purchase, repair, renovation, or removal of a manufactured home. Also allows grant use on preparing a site for manufactured home installation.

Subd. 4. Commissioner duties. Requires the commissioner of MHFA to develop grant program materials within 90 days of enactment of this section. Requires the commissioner to consult, when developing these materials, with manufactured housing cooperatives, resident-owned manufactured home communities, and nonprofit organizations serving these entities.

15 Manufactured home park cooperative purchase program.

Establishes a revolving loan fund to fund down payment assistance for residents to purchase manufactured home parks. Requires the agency to develop criteria for loans and to develop program forms, applications, and reporting requirements. Requires that borrowers use funds to create and preserve housing affordable to households whose incomes do not exceed 80 percent of the greater of state or area median income. Requires that manufactured home parks purchased with a loan be maintained as a park for 30 years after the purchase.

Article 3: Bonding Authority and Authorization

Expands the bonding authority of MHFA by limiting the applicability of a debt ceiling and authorizing the issuance of refunding bonds. Authorizes issuance of \$200,000,000 in housing infrastructure bonds (HIBs).

Section Description – Bonding Authority and Authorization

- 1 Debt ceiling.**
Limits the applicability of the agency debt ceiling to general obligation bonds.
- 2 Refunding bonds.**
Authorizes MHFA to issue nonprofit housing bonds to refund bonds when the debt service on the refunding bond would be lower than the debt service on the nonprofit housing bonds to be refunded.
- 3 Appropriation; payment to agency or trustee.**
Requires Minnesota Management and Budget (MMB) to transfer annually the amount necessary to pay the debt service on nonprofit housing bonds issued to refund previously issued nonprofit housing bonds.
- 4 Additional authorization.**
Authorizes issuance of \$100,000,000 in HIBs, effective July 1, 2023.
- 5 Additional authorization.**
Authorizes issuance of \$100,000,000 in HIBs, effective July 1, 2024.
- 6 Refunding bonds.**
Authorizes MHFA to issue housing infrastructure bonds (HIBs) to refund bonds when the debt service on the refunding bond would be lower than the debt service on the HIBs to be refunded.
- 7 Appropriation; payment to agency or trustee.**
Requires MMB to transfer annually the amount necessary to pay the debt service on HIBs issued to refund previously issued HIBs.
- 8 Additional appropriation.**
Requires MMB to transfer annually the amount necessary to pay the debt service on HIBs issued to refund previously issued HIBs. Instructs MMB to transfer to MHFA the amount necessary to pay debt service on the HIBs authorized to be issued under this article. Appropriates from the general fund to MMB the amount necessary to pay the debt service.

Article 4: Eligibility and Uses

Amends the allowable uses of various programs within MHFA. Modifies eligibility requirements of various programs within MHFA.

Section Description – Article 4: Eligibility and Uses

- 1 **Rehabilitation loans.**
Allows rehabilitation loans to cover the addition or rehabilitation of a detached accessory dwelling unit.
- 2 **Housing disparities.**
Requires the agency to prioritize use of appropriations to serve households most affected by housing disparities.
- 3 **Special purpose credit program.**
Allows the agency to establish special purpose credit programs to provide loans or other financial assistance to economically disadvantaged classes of persons.
- 4 **Indian Tribes.**
Authorizes the agency to award funding from any of its programs to a federally recognized Indian Tribe or a Tribally Designated Housing Entity.
- 5 **Low-income housing.**
Expands list of allowed uses of the housing trust fund so its programs could assist families with minor children and families with adult children eligible for a prekindergarten through grade 12 academic program.
- 6 **Manufactured home park infrastructure grants and loans.**
Amends the manufactured home park infrastructure grant program to allow issuance of loans, in addition to grants.
- 7 **Set aside.**
Amends the law governing the family homeless prevention and assistance program to expand the types of entities that can serve the metropolitan area to include the same entities that can serve the nonmetropolitan area. Removes a requirement that community-based nonprofits be sponsored by the counties in which they operate to receive funding under the program.
- 8 **Childhood housing stability.**
Retitles the school stability project to the childhood housing stability project and expands its eligibility requirements so the project could assist families with minor children and families with adult children eligible for a prekindergarten through grade 12 academic program.
- 9 **Capacity building grants.**
Allows MHFA to adopt policies and procedures on eligible uses of capacity-building grants and specifies that the statutory list of eligible uses is not exhaustive. Makes

Section Description – Article 4: Eligibility and Uses

- discretionary a previously mandated prioritization of certain applicants. Allows MHFA to award grants without specific appropriations by the legislature.
- 10 **Eligible recipients.**
Adds school districts, cooperative unites, and charter schools to the list of eligible recipients of loans and grants from the challenge program.
- 11 **Grant funding to schools.**
Limits challenge program grants to schools to \$100,000; requires potential recipients of housing created by a school district for owner occupancy to participate in the homeownership education, counseling, and training program.
- 12 **Definitions.**
Removes the financing of single-family housing projects from the definitions of HIBs. Removes an income requirement from the definition of “senior.” Defines a “senior household” as a household which includes a senior and which has an income less than 50 percent of the applicable median income. Conforms the definition of “senior housing” with the change to the definition of “senior” and with the new definition of “senior household.”
- 13 **Authorization.**
Expands eligible uses of HIBs to finance single-family housing projects to include grants as well as loans. Allows use of HIBs to replace federally assisted rental housing. Authorizes use of HIBs to finance permanent housing affordable to families at or below 50 percent of area median income (AMI). Amends prioritization requirements for senior housing both to incorporate the new definition of senior household and to remove a requirement for a service plan for prioritized projects. Requires the agency to give preference among comparable HIB proposals to housing that would be affordable to households at or below 30 percent of AMI. Requires buildings with more than four units funded with HIBs to include: (1) the greater of one unit or five percent of units that are accessible units; and (2) the greater of one unit or five percent of units that are sensory accessible.
- 14 **Establishment.**
Adds counties to the list of entities which can receive workforce and affordable homeownership development program grants.
- 15 **Definitions.**
Amends the workforce housing development program definition of “eligible project area” to include Tribal reservations and to clarify eligible areas are outside metropolitan counties.

Section Description – Article 4: Eligibility and Uses

- 16 **Allocation.**
Increases from 25 to 50 the percentage of a rental housing development project cost that can be paid by a workforce housing development grant or deferred loan. Conforms the section governing matching grants and loans to eligible recipients to changes in the definitions of an eligible project area.
- 17 **Affordable rental investment fund.**
Amends a 2021 appropriation set aside for use on federally assisted rental property to authorize using the appropriation to replace federally assisted rental housing.

Article 5: Metropolitan Sales Tax and Housing Aid

This article imposes a metropolitan sales tax at one quarter of one percent. The tax proceeds are split between metropolitan housing aid for cities and counties and metropolitan administrators of a rent assistance program.

Section Description – Article 5: Metropolitan Sales Tax and Housing Aid

- 1 **Metropolitan region sales and use tax.**
Requires the Metropolitan Council to impose a sales tax at a rate of one quarter of a percent within the metropolitan area and distributes the program to accounts to fund housing programs.
- Subd. 1. Definitions.** Defines terms for the purposes of the metropolitan region sales and use tax, including defining “metropolitan sales tax” as the tax imposed under this section.
- Subd. 2. Sales tax imposition; rate.** Requires the Metropolitan Council to impose a sales and use tax at a rate of 0.25 percent on taxable sales and uses within the metropolitan area.
- Subd. 3. Administration; collection; enforcement.** Applies statutory provisions governing local sales taxes to the metropolitan sales tax.
- Subd. 4. Distribution.** Distributes 25 percent of the proceeds of the metropolitan sales tax to the state rent assistance account, 15 percent to the metropolitan city aid account, and 60 percent to the metropolitan county aid account.

Effective for sales and purchases after June 30, 2023.

Section Description – Article 5: Metropolitan Sales Tax and Housing Aid

2 Local affordable housing aid.

Establishes an aid program for metropolitan cities with populations over 10,000 and metropolitan counties to develop and rehabilitate affordable housing; establishes a grant program for metropolitan cities not qualifying for aid; provides rules for distributing funds and administering the program; defines qualifying uses of the funds.

Subd. 1. Purpose. States purpose to help local governments develop and preserve affordable housing.

Subd. 2. Definitions. Sets distribution factors for counties and cities, based on each government unit's share of cost-burdened households paying more than 30 percent of their income towards housing.

Subd. 3. Distribution. Provides that counties will receive three percent of the amount available to counties plus a proportionate share of the amount of money remaining for counties based on each county's number of cost-burdened households. Provides that cities with populations over 10,000 will receive a proportionate share of the amount of money available to cities based on each city's number of cost-burdened households.

Subd. 4. Grants to nonqualifying local governments. Establishes a grant program with the MHFA for cities not qualifying for aid under subdivision 3; allows MHFA to create program guidelines and procedures.

Subd. 5. Qualifying projects. Defines a qualifying project as emergency rental assistance or a project to develop or rehabilitate housing affordable to families at or below 115 percent of the greater of state or area median income for homeownership projects, or at or below 80 percent of the greater of state or area median income for rental properties. These requirements mirror the project requirements of the economic development and housing challenge program. Requires prioritization of projects affordable to families at or below 80 percent of the greater of state or area median income for homeownership projects, or at or below 50 percent of the greater of state or area median income for rental properties. Requires buildings with more than four units funded with this aid to include one sensory unit and one sensory accessible unit.

Subd. 6. Use of proceeds. Requires that distributed funds either be spent on a qualifying project or remitted to MHFA for use on the family homeless prevention and assistance program, the challenge program, or the workforce and affordable homeownership development program.

Subd. 7. Administration. Requires the Department of Revenue (DOR) to certify the amount available to cities and counties and to distribute funds; requires DOR

Section Description – Article 5: Metropolitan Sales Tax and Housing Aid

to transfer annually ten percent of the amount of metropolitan aid to cities and counties from the prior year to MHFA for the grant program under subdivision 4; requires cities and counties to report on use of the funds to MHFA for certification that the funds were used for a qualifying project; requires cities and counties to return funds to DOR if they misspend funds, fail to report on use of funds, or fail to use funds; requires DOR to redistribute returned funds to cities and counties.

Subd. 8. County consultation with local governments. Requires counties to consult with the local governments where county projects are located.

3 Housing assistance fund.

Subd. 1. Fund established. Establishes a housing assistance fund in the state treasury funded by the metropolitan sales tax.

Subd. 2. Metropolitan county aid account; appropriation. Establishes a metropolitan county aid account in the housing assistance fund. Appropriates money from the account to the commissioner of revenue to fund local affordable housing aid.

Subd. 3. Metropolitan city aid account; appropriation. Establishes a metropolitan city aid account in the housing assistance fund. Appropriates money from the account to the commissioner of revenue to fund local affordable housing aid.

Article 6: Miscellaneous

Section Description – Article 6: Miscellaneous

1 Accrued interest.

Changes the recipient of interest accruing on the trust accounts of real estate brokers from MMB to MHFA. Makes conforming changes regarding brokers' duties to inform financial institutions of this requirement and regarding financial institutions' duty to report overdrafts on these accounts. Requires MHFA to report annually to the legislature on the fund.

2 Payment to the Minnesota manufactured home relocation trust fund.

Changes the recipient of payments required from a manufactured home park owner when a manufactured home owner needs to move due to park conversion from MMB to MFHA. Changes the agency responsible for assessing fees on manufactured park owners to maintain the manufactured home relocation trust fund account from

Section Description – Article 6: Miscellaneous

- MMB to MHFA. Makes conforming changes regarding notice of the assessments and management of the payments.
- 3 **Change in use, relocation expenses; payments by park owner.**
 Makes a conforming change regarding owner’s agreements to make payments to MHFA rather than MMB of funds to be deposited in the Minnesota manufactured home relocation trust fund.
- 4 **Reporting of licensed manufactured home parks.**
 Changes the recipient of reports on manufactured home parks by the Department of Health and its delegates from MMB to MHFA.
- 5 **Authority for zoning.**
 Adds industrialized or modular buildings for residential use that conform with applicable rules and all other zoning ordinances to the structures that may not be prohibited by regulation.
- 6 **Development guide.**
 Amends the statute for Metropolitan Council development guide requirements to provide that the adoption and amendment of the council’s development guide and the adoption and amendment of its metropolitan system plans, other policy plans, and metropolitan system statements do not constitute conduct that causes or is likely to cause pollution, impairment, or destruction as defined under the environmental rights chapter of the law, or governmental action as defined under the chapter of the Minnesota Statutes on environmental policy.

 Effective the day following final enactment.
- 7 **Restriction of duration of condition.**
 Expands the list of exceptions to the 30-year duration limit on housing covenants to include affordability covenants required by a government entity.
- 8 **Transition of responsibilities to the Minnesota Housing Finance Agency.**
 Requires that MMB, the current recipient of payments of interest from real estate brokers’ trust accounts and of payments for the Minnesota manufactured home relocation trust fund, transfer any of these payments it receives before July 1, 2025, to MHFA, the proposed recipients of these payments under this bill. Requires MMB to inform entities depositing money with it that MHFA is the new recipient of these funds and that payments after July 1, 2025, will not be accepted by MMB.

Section Description – Article 6: Miscellaneous

- 9 **Requiring cities to report buildings that do not have sprinkler systems.**
Require cities with populations over 20,000 to create lists of eligible buildings under section 1 that were not required to have sprinkler systems at the time of construction. Requires that these cities submit the lists to the state fire marshal in 2024, 2027, and 2032. Requires the fire marshal to submit the lists to the chairs and ranking minority members of the legislative committees with jurisdiction over the State Building Code and the State Fire Code.
- 10 **Legislative task force; expediting rental assistance.**
Establishes a task force on expediting rental assistance. Lists requirements for appointments to the task force, provides for compensation of task force members. Provides rules for meetings and requires the Legislative Coordinating Commission to convene the first meeting by September 1, 2023. Requires the task force to report to the legislature on its findings by February 15, 2024. Provides for expiration of the task force.
- 11 **Study on expediting rental assistance.**
Requires Management Analysis and Development with MMB to conduct a study on expediting rental assistance, to provide an informal report to the legislative task force on expediting rental assistance by December 1, 2023, and to provide a formal report to the legislature by February 15, 2024.



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