

Subject Housing Finance Agency Policy Bill

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Overview

This bill includes policy changes to the law governing the Minnesota Housing Finance Agency (MHFA), including changes to the regulations governing the agency's use of debt financing and changes to the agency's grant and loan programs.

Article 1: Funding Mechanisms

Section Description – Article 1: Funding Mechanisms

- 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 **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.
- 5 **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.

Section Description – Article 1: Funding Mechanisms

- 6 **Additional appropriation.**
Requires MMB to transfer annually the amount necessary to pay the debt service on HIBs issued to refund previously issued HIBs.

Article 2: Eligibility and Uses

Section Description – Article 2: Eligibility and Uses

- 1 **Rehabilitation loans.**
Allows rehabilitation loans to cover the addition or rehabilitation of a detached accessory dwelling unit.
- 2 **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.
- 3 **Housing disparities.**
Requires the agency to prioritize use of appropriations to serve households most affected by housing disparities.
- 4 **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.
- 5 **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.
- 6 **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.”

Section Description – Article 2: Eligibility and Uses

- 7 **Authorization.**
Allows awards of grants through HIBs for use on federally assisted rental housing. Allows use of HIBs to replace federally assisted rental housing. 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.
- 8 **Establishment.**
Adds counties to the list of entities which can receive workforce and affordable homeownership development program grants.
- 9 **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.
- 10 **Allocation.**
Conforms the section governing matching grants and loans to eligible recipients to changes in the definitions of an eligible project area.
- 11 **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.



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