

Subject First-generation homebuyer down payment assistance program

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Overview

This bill establishes a pilot program to be operated by the Midwest Minnesota Community Development Corporation (MMCDC) to help first-generation homebuyers to purchase a home by funding closing costs, down payments, and principal reduction. This bill makes a onetime appropriation of \$176,000,000 in fiscal year 2024 from the general fund to the Minnesota Housing Finance Agency (MHFA) for a grant to MMCDC to operate the program.

Summary

Section	Description
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1	First-generation homebuyers down payment assistance fund.
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Subd. 1. Appropriation. Appropriates \$176,000,000 in fiscal year 2024 from the general fund to MHFA to be granted to MMCDC as needed and in tranches if necessary. The appropriation is available until June 30, 2026.

Subd. 2. Establishment. Establishes a first-generation homebuyer down payment assistance fund to be administered by MMCDC.

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

Subd. 4. 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.

Section	Description
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Subd. 5. 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. 6. Legislative auditor. Provides that the program may be audited by the legislative auditor and requires MMCDC and any participating CDFIs to comply with any audit.

Subd. 7. Report to legislature. Requires MMCDC to report annually to the legislature on the program.



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