

HOUSE RESEARCH

Bill Summary

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Subject: Workforce Housing Fund created; grants and tax credits for workforce housing

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Overview

Establishes a Workforce Housing Fund in the Department of Employment and Economic Development (“DEED”).

Section

1 Office of Workforce Housing.

Subd. 1. Definitions. Provides definitions for the workforce housing grant and tax credit programs, including:

- “Eligible Project Area” which is an area with a specific population density that is in a city that has at least 500 full time private sector jobs as a median over the last five years.
- “Market rate residential properties” means properties that are rented at market value and cannot include properties that have any imposed income limits for tenants or that were constructed using any type of flood recovery assistance.
- “Qualifying workforce housing project” means a rental property with three or more units that costs between \$75,000 and \$250,000 to construct, located in an eligible project area, with at least fifty percent match to the grant, that is located in a city with a jobs to population ration greater than 40 percent.

Subd. 2. Purpose. Directs the commissioner of DEED to administer the workforce housing grant fund, help local communities with workforce housing planning and

Section

construction, certify tax credits for workforce housing, and consult with the housing finance agency (MHFA) to organize workforce housing programs.

Subd. 3. Workforce housing fund. Creates a fund for the workforce housing grants administered by DEED.

Subd. 4. Grants; project eligibility and preferences. Provides the eligibility and preferences for workforce housing grants and the cap for the total amount a project can receive which is \$1,000,000. No more than 40% of the total amount in the workforce housing fund can be used for projects in one county.

Subd. 5. Qualified project investor tax credit. Provides a tax credit for 50% of the value of the investment, including money, stock, land, interest, or equivalent ownership interest that is invested in a workforce housing project, as defined in subdivision 1. The tax credit is capped at \$1,000,000 for a taxable year. This section allows DEED to allocate \$30,000,000 in tax credits for workforce housing in this subdivision. This section specifies projects in a single county cannot receive more than 40% of the tax credits available under this subdivision, lists people who will not be eligible for tax credits, and provides the procedure for the department to allocate the credits.

Subd. 6. Transfer and revocation of credits. Prevents the transfer of tax credits to a taxpayer after the credit has been allocated and allows the tax credit to be revoked if the director determines that the investor was not eligible for the credit.

Subd. 7. Reporting. Requires a report to the legislature on the workforce housing projects funded through the workforce housing fund and the tax credits allocated, as well as information about workforce housing demand and the activities by the office directed remedying that demand.

Subd. 8. Appropriations. Allows DEED to access the money in the workforce housing fund for the administration of the grant and tax credit programs.

Effective date. The tax credits awarded would be available starting in tax year 2015.

- 2 **Workforce housing tax credit.** Provides a tax credit to a taxpayers for the workforce housing investments made under 116J.549 and allows the credit to be carried over for up to ten years.

Effective date. The tax credits awarded by DEED would be available starting in tax year 2015.

- 3 **Appropriation; Office of Workforce Housing.** Appropriates \$20,000,000 in each year for the workforce housing grants program and allows up to five percent of that appropriation to be used for the administrative costs for the program by DEED.