

**Subject** Local affordable housing aid

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### Overview

This bill, as amended by H.F. 3982A1, would establish an aid program to distribute money to cities and counties for them to develop and rehabilitate affordable housing. This bill would also establish a grant program for cities too small to qualify for funding under the aid program.

This bill would annually appropriate \$100,000,000 to the grant program from the general fund, with \$80,000,000 going to counties and \$20,000,000 to cities.

### Summary

Section	Description
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<b>1</b>	<b>Local affordable housing aid.</b>
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Establishes an aid program for local governments to develop and rehabilitate affordable housing; establishes a grant program for local governments not qualifying for aid; provides rules for distributing funds and administering the program; defines qualifying uses of the funds; appropriates \$100,000,000 annually to the program.

**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 \$15,000 plus a proportionate share of the amount of money available to 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.

**Section**   **Description**

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**Subd. 4. Grants to nonqualifying local governments.** Establishes a grant program with the Minnesota Housing Finance Agency (MHFA) for local governments not qualifying for aid under subdivision 3; allows MHFA to create program guidelines and procedures.

**Subd. 5. Qualifying projects.** Defines a qualifying project as one 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.

**Subd. 6. Use of proceeds.** Requires that distributed funds either be spent on a qualifying project or returned to the Department of Revenue (DOR).

**Subd. 7. Administration.** Requires DOR to certify the amount available to cities and counties and to distribute funds; requires DOR to transfer annually an amount necessary for MHFA to operate a \$10,000 fund for grants to nonqualifying local governments; 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 mispend 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.

**Subd. 9. Appropriation.** Appropriates \$80,000,000 from the general fund annually for distribution to counties; appropriates \$20,000,000 from the general fund annually for distribution to cities.



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