

**Subject** Housing finance bill  
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## Overview

This is the housing committee's major finance bill which appropriates money to the Minnesota Housing Finance Agency (MHFA), establishes two housing-related task forces and a new grant program for affordable housing, and makes various housing-related policy changes, including numerous changes to the chapter of law governing MHFA.

## Article 1: Appropriations

This article reduces certain 2023 appropriations to MHFA and makes new appropriations both to MHFA and to Minnesota Management and Budget (MMB).

### Section Description – Article 1: Appropriations

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- 1 Total appropriation.**  
Reduces the total fiscal year 2025 appropriation from the 2023 housing major finance bill from \$273,298,000 to \$223,298,000.
- 2 Housing infrastructure.**  
Reduces the fiscal year 2025 appropriation from the 2023 housing major finance bill for housing infrastructure from \$100,000,000 to \$60,000,000.
- 3 Community stabilization.**  
Reduces the fiscal year 2025 appropriation from the 2023 housing major finance bill for community stabilization from \$45,000,000 to \$35,000,000.
- 4 Appropriation; Minnesota Housing Finance Agency.**  
Appropriates \$59,255,000 in fiscal year 2025 from the general fund to MHFA. Of this amount: \$50,000,000 is for the housing affordability preservation investment program established in article 2; \$8,885,000 is for the family homeless prevention and assistance program; \$270,000 is for implementing certain recommendations of

**Section Description – Article 1: Appropriations**

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- the workgroup on expediting rental assistance; and \$100,000 is for a grant to the Amherst H. Wilder Foundation for the Minnesota homeless study.
- 5     **Appropriation; Minnesota Management and Budget.**  
Appropriates \$200,000 in fiscal year 2025 from the general fund to MMB for Management Analysis and Development to facilitate a working group on common interest communities and homeowners associations.
- 6     **Supreme court.**  
Appropriates \$545,000 to the supreme court to pay for the eviction expungement work required by article 3, section 3.

**Article 2: Housing Policy**

This article makes various housing-related policy changes including: (1) providing a new type of public corporation that can be made for the purposes of both participating in certain federally assisted rental housing programs and receiving state general obligation bond proceeds; and (2) modifying the chapter of law governing MHFA.

**Section Description – Article 2: Housing Policy**

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- 1     **Obligations of public corporations.**  
Exempts public corporations created by housing and redevelopment authorities for the purposes of participating in certain federally assisted rental housing programs from provisions governing other public corporations.
- 2     **Energy decarbonization and climate resilience.**  
Expands certain provisions for energy efficiency to include clean energy, greenhouse gas emissions reduction, and climate resiliency.
- 3     **Distressed building.**  
Defines a “distressed building,” for the purposes of the chapter governing MHFA, to mean a building restricted to households with incomes at or below 60 percent of area median income that is experiencing financial distress.
- 4     **Recapitalization.**  
Defines “recapitalization,” for the purposes of the chapter governing MHFA, to mean financing for operational costs, capital restructuring, debt forgiveness, maintenance, and reimbursement to a nonprofit who paid for one of these expenses.

**Section Description – Article 2: Housing Policy**

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- 5      **Refinancing mortgages.**  
Allows use of a program for refinancing mortgages to fund loans for recapitalization as defined in this article.
- 6      **Rehabilitation loans.**  
Expands certain provisions for energy conservation to include clean energy, greenhouse gas emissions reduction, and climate resiliency.
- 7      **Rehabilitation loans; existing owner-occupied residential housing.**  
Expands certain provisions for energy efficiency to include clean energy, greenhouse gas emissions reduction, and climate resiliency.
- 8      **Energy decarbonization and climate resiliency loans.**  
Expands certain provisions for energy conservation to include decarbonization, greenhouse gas emissions reduction, and climate resiliency.
- 9      **Rehabilitation grants.**  
Expands certain provisions for energy conservation to include decarbonization, greenhouse gas emissions reduction, and climate resiliency.
- 10     **Energy decarbonization and climate resiliency grants.**  
Expands certain provisions for energy conservation to include decarbonization, greenhouse gas emissions reduction, and climate resiliency.
- 11     **Rental property loans.**  
Expands certain provisions for energy improvements to include decarbonization, greenhouse gas emissions reduction, and climate resiliency.
- 12     **Insuring financial institution loans.**  
Expands certain provisions for energy conservation to include decarbonization and climate resiliency.
- 13     **Indian Tribes.**  
Expands the programs for which Indian Tribes are eligible from all programs governed by the MHFA chapter to all agency programs, including those governed by session law.
- 14     **Wage theft prevention and use of responsible contractors.**  
Requires any applicant for MHFA funding to disclose labor law violations to the agency in the funding application, to use responsible contractors as defined by law, and to maintain a list of contractors and subcontractors for any project. Requires any contractor to enter into a wage theft prevention plan if it underpays a worker and

**Section Description – Article 2: Housing Policy**

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- allows MHFA to disqualify a contractor that fails to pay statutorily required wages after entering into a wage theft prevention plan. Allows MHFA to deny an application for failing to comply with this section.
- 15      **Rent and income limits.**  
Allows MHFA, without following the rulemaking requirements of chapter 14, to adjust the rent and income limits of its programs to meet federal standards for the low-income housing tax credit or the exempt-facility bond.
- 16      **Eligibility for agency programs.**  
Allows MHFA to determine that a household meets rent or income requirements if the household receives means-tested public assistance benefits.
- 17      **Permanent rental housing.**  
Allows awards of loans from MHFA’s publicly owned housing program to public corporations created by housing and redevelopment authorities for the purposes of participating in certain federally assisted rental housing programs.
- 18      **Annual projection of emergency rental assistance needs.**  
Requires MHFA to consult with Department of Human Services (DHS) and administrators of rental assistance to project the amount of money necessary to meet all needs for assistance from family homeless prevention and assistance, emergency assistance, and emergency general assistance.
- 19      **Energy efficiency loans.**  
Expands certain provisions for energy conservation to include decarbonization and climate resiliency.
- 20      **Family rental housing.**  
Modifies the PARIF program so that the “eligible mortgagor” standard does not apply for buildings seeking recapitalization.
- 21      **Debt ceiling.**  
Raises the agency general obligation debt ceiling from \$5,000,000,000 to \$7,000,000,000.
- 22      **Limitation on rental increases.**  
Limits rental increases in a project that received the low-income housing tax credit and that is restricted to seniors to the percentage increase in Social Security in the preceding year. Exempts units owned by a nonprofit and units in which the resident has a rental subsidy from the limitation.

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- 23      **Expending funds.**  
Conforms a section dealing with the manufactured home relocation trust fund to changes made in the 2023 legislative session.
- 24      **Authorization.**  
Modifies allowable uses of the housing infrastructure bond program to allow use of bond proceeds on recapitalization, to expand uses on foreclosed and abandoned housing to include rehabilitating the properties for affordable homeownership, to reduce the fraction of housing units required to be operated as supporting housing units for a building to qualify for assistance as supportive housing, to allow use of bond proceeds on cooperatively owned housing, and to specify that a roll-in shower for a recipient of housing infrastructure bonds is only required in one accessible unit in the building.
- 25      **Additional authorization.**  
Allows MHFA to issue \$50,000,000 in housing infrastructure bonds.
- 26      **Additional appropriation.**  
Appropriates to MHFA the amount necessary to pay the debt service on the housing infrastructure bonds this bill authorizes the agency to issue.
- 27      **Definitions.**  
Removes certain geographic and population limits for the workforce housing development program.
- 28      **Use of funds; grant and loan program.**  
Removes a set-aside from the Minnesota housing tax credit program.
- 29      **Eligible recipients; definitions; restrictions; use of funds.**  
Specifies that the same requirements applying to grants through the Minnesota housing tax credit program also apply to loans. Expands eligibility for grants and loans under the program to include the spouses and family members of the officers or principals of a business entity that received a credit for contributing to the program in the current or previous taxable year. Expands eligibility for grants and loans under the program to include the spouses and family members of individuals who own or control a business entity that received a credit for contributing to the program in the current or previous taxable year. Expands eligibility for grants and loans under the program to include the individuals who only indirectly own or control a business entity that received a credit for contributing to the program in the current or previous taxable year. Expands eligibility for grants and loans under the program to include a business entity that is indirectly owned or controlled by an individual that received a credit for contributing to the program in the current or previous taxable

**Section Description – Article 2: Housing Policy**

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- year. Allows MHFA to rely on applicant’s statements about their eligibility to determine their eligibility for grants and loans. Expands the scope of projects which a taxpayer may contribute to under section 290.0683.
- 30     **City.**  
For the purposes of the chapter governing municipal housing, expands the definition of a city to include public corporations created by housing and redevelopment authorities for the purposes of participating in certain federally assisted rental housing programs.
- 31     **May be in LLP, LLC, or corporation; bound as if HRA.**  
Allows a housing and redevelopment authority to create a public corporation for the purposes of participating in certain federally assisted rental housing programs.
- 32     **Public corporation; rental assistance demonstration program.**  
Proscribes rules for the operation of and the powers of a public corporation created by a housing and redevelopment authority for the purposes of participating in certain federally assisted rental housing programs.
- 33     **Purpose.**  
Expands the purposes of the local affordable housing aid to include preserving supportive services for residents.
- 34     **Definitions.**  
Adds a definition of locally funded housing expenditures to the aid program to include use of unrestricted local government money on a wide variety of housing-related expenditures.
- 35     **Qualifying projects.**  
Adds the funding of operations and supportive services to the list of projects which aid may be spent on, including costs of operating emergency shelter, transitional housing, supportive housing, or publicly owned housing.
- 36     **Use of proceeds.**  
Deems funds committed to a project within three years of receipt as spent for the purposes of the three-year spending deadline, provided that the funds are expended in the following year.

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- 37      **Conditions for receipt.**  
Requires that aid recipients commit to using money to supplement their locally funded housing budgets. Requires that local governments report on their locally funded housing expenditures and any cuts to those expenditures.
- 38      **Administration.**  
Requires MHFA to notify the Department of Revenue if an aid recipient fails to report on its locally funded housing expenditures. Requires an aid recipient to return its money to MHFA if it fails to meet its reporting requirement. Requires the Department of Revenue to stop funding an aid recipient upon the aid recipient’s request.
- 39      **Challenge program.**  
Allows a set-aside of a 2023 appropriation of the challenge program for Urban Homeworks to be used on gap financing and on a broader range of low-income households.
- 40      **Northland Foundation.**  
Expands the eligible uses of a Northland Foundation appropriation from 2023 to include assisting and supporting communities in providing housing locally.
- 41      **Eligible homebuyer.**  
Removes a geographic requirement from the definition of “eligible homebuyer” for the purposes of the fee-based down payment assistance program enacted in the 2023 legislative session.
- 42      **Task force on long-term sustainability of affordable housing.**  
Establishes a task force with MHFA to determine ways to improve the financial health of affordable housing providers.
- 43      **Direction to commissioners of human services and the Minnesota Housing Finance Agency; emergency assistance program modifications.**  
Requires MHFA, in consultation with DHS, to develop recommendations to speed up the processing of emergency rental assistance, including adopting administrative policies and proposing legislative changes.
- 44      **E-signature options for rental assistance.**  
Encourages DHS and MHFA to develop uniform e-signature options and to require administrators of rental assistance to use those options by June 30, 2026.
- 45      **Language access in applications for rental assistance.**  
Encourage MHFA and DHS to make a number of changes to improve language access

**Section Description – Article 2: Housing Policy**

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to their rental assistance programs, including:

- 1) researching state and federal laws and regulations regarding language access to ensure compliance;
- 2) identifying which languages program materials should be translated into to improve access to the state’s rental assistance programs;
- 3) translating website applications for the state’s rental assistance programs into multiple languages;
- 4) identifying needs and sources for funding to implement these changes; and
- 5) providing technical assistance to administrators of rental assistance so they can meet language access.

**46 Verification procedures for rental assistance.**

Encourages MHFA to consult with DHS and local officials to find ways to make it simpler to verify information in applications for the state’s rental assistance programs. Encourages the agencies to develop recommendations by January 1, 2025, and to report the recommendations to the legislature.

**47 Housing affordability preservation investment.**

Establishes a program with MHFA to provide recapitalization, as defined in this bill, to distressed buildings, as defined in this bill. Requires reports on the program by February 1 and November 30 of 2025.

**48 Revisor instruction.**

Requires the revisor’s office to update the list of chapters governing cooperative associations in the section modifying MHFA’s use of housing infrastructure bonds to include chapter 308C if H.F. 3800 or a comparable bill is enacted. Requires the revisor's office to recode some provisions regulating housing infrastructure bonds.

## **Article 3: Discrimination; CIC; Working Group**

This article prohibits discrimination on the basis of source of income, establishes a working group on common interest communities and homeowners associations, and applies mandatory eviction expungement laws retroactively.

**Section Description – Article 3: Discrimination; CIC; Working Group**

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**1 Housing discrimination.**

Prohibits a landlord from denying a rental unit to a tenant based on the use of assistance that helps the tenant pay rent and prohibits the landlord from advertising



**Section Description – Article 3: Discrimination; CIC; Working Group**

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that they will not rent to someone because of the use of public assistance that helps pay rent. Provides that the section can be enforced through chapter 363A.

**2 Working group on common interest communities and homeowners associations.**

**Subd. 1. Creation; duties.** Creates a working group to study CICs, commonly called condos, and HOAs, which are homeowner associations that govern a variety of different housing configurations, in Minnesota to look at:

- How many CICs and HOAs exist and how many people live in them;
- What governing documents CICs and HOAs use and how they impact homeowners;
- The fees and costs associated with HOAs and CICs;
- If and how regulating CICs and their costs and fees could be done;
- Racial disparities and accessibility in homeownership in CICs and HOAs and the impact of these organizations on the housing market and costs; and
- How the laws related to CICs and HOAs currently work and what reforms could improve the experience for homeowners and residents.

**Subd. 2. Membership.** Provides the membership for the working group, including House and Senate members, the commissioner of the Housing Finance Agency and the Attorney General’s Office, members of the public who own or have owned in a CIC or HOA, as well as members of the housing community, legal aid, realtors, and attorneys who work with CICs and HOAs and their owners.

**Subd. 3. Facilitation; organization; meetings.** Provides that the MAD group through MMB will provide support to the working group and how the meetings will be held.

**Subd. 4. External consultation.** Allows the working group to consult with others for expertise in completing the requirements of the working group.

**Subd. 5. Report.** Requires a final report be submitted to chairs of legislative committees related to housing and commerce by February 1, 2025.

**Subd. 6. Expiration.** Provides that the working group expires when they submit their final report or on February 28, 2025.

**Effective date.** Provides that this section would be effective the day following final enactment.

**Section Description – Article 3: Discrimination; CIC; Working Group**

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**3 Effective date.**

Amends 2023 law to make new options for mandatory eviction expungement retroactive, applying to cases that occurred before, on, or after January 1, 2024.



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