

Subject Housing policy bill

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## Overview

This is the policy bill of the housing finance and policy committee.

## Article 1: Minnesota Housing Finance Agency

Modifies duties of the Minnesota Housing Finance Agency (MHFA) and modifies policies of programs administered and overseen by MHFA. Allows housing and redevelopment authorities to establish local housing trust funds.

Section	Description – Article 1: Minnesota Housing Finance Agency
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| 1 | <p><b>Application.</b></p> <p>Applies a wage theft provision governing MHFA’s allocation of the low-income housing tax credit to other Minnesotan political subdivisions that allocate the credit.</p>  |
| 2 | <p><b>Promotion of materials on rights and obligations of landlords and residential tenants.</b></p> <p>Requires the commissioner of the MHFA to publish information on the rights and responsibilities of landlords and residential tenants and to provide a link or copy of the MN attorney general’s “Landlords and Tenants: Rights and Responsibilities” publication that is updated annually. The bill would require the information to be prominently displayed on their website.</p> |
| 3 | <p><b>Grants to program administrators.</b></p> <p>Allows MHFA to use a formula to determine award amounts for the state rent assistance program, notwithstanding state procurement guidelines. Allows MHFA to redistribute unused or underutilized funds.</p>  |
| 4 | <p><b>Grant funding to schools.</b></p> <p>Allows nonprofit organizations contracted by a school district to receive funding under the challenge program provisions allowing funding for certain schools.</p>   |

**Section Description – Article 1: Minnesota Housing Finance Agency**

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- 5      **Authorization.**  
Allows use of housing infrastructure bond proceeds on adaptive reuse for the development of both supportive housing and very low-income housing.
- 6      **Allocation.**  
Allows for designated contributions through the housing tax credit contribution account to count towards a matching requirement of the workforce housing development program.
- 7      **Use of funds; grant and loan program.**  
Allows use of housing tax contribution account program funds on workforce housing.
- 8      **Eligible recipients; definitions; restrictions; use of funds.**  
Makes workforce housing development program projects eligible for grants and loans from the Minnesota housing tax credit contribution program, even if those projects do not meet current income limitations applying to the housing tax credit contribution program. Allows certain nonprofit projects to receive funding from the account even if the account received contributions from one of the nonprofit's volunteer board members.
- 9      **Definitions.**  
Allows housing and redevelopment authorities to establish local housing trust funds.
- 10     **Use of proceeds.**  
Requires that income generated from a local affordable housing aid project be used on an eligible expenditure of the local affordable housing aid.
- 11     **Use of proceeds.**  
Requires that income generated from a statewide affordable housing aid project be used on an eligible expenditure of the statewide affordable housing aid.
- 12     **Local housing trust fund grants.**  
Amends 2023 session law to require that a grantee of the local housing trust fund grant program use funds within five years of receipt. This change conforms 2023 riders for the program with riders for the program enacted in the 2021 budget bill.
- 13     **High-rise sprinkler system grant and loan program.**  
Modifies building eligibility requirements and allows awards of loans in addition to grants.  
  
      **Subd. 1. Definitions.** Allows any building more than six stories in height to receive funding through the program. Increases income limitations for the

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<b>Section</b>	<b>Description – Article 1: Minnesota Housing Finance Agency</b>
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program from 50 to 60 percent of area median income. Removes a rent restriction on income-limited units.

**Subd. 2. Use of funds.** Allows MHFA to issue loans. The program currently allows only grants.

## **Article 2: Public Corporation For Rental Property**

Allows housing and redevelopment authorities to establish public corporations for the purposes of participating in rental assistance demonstration programs and certain state programs for public housing.

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<b>Section</b>	<b>Description – Article 2: Public Corporation For Rental Property</b>
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1	<b>Obligations of public corporations.</b>
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Technical change to clarify that the general law requiring the assets of dissolved public corporations to be state property does not apply to the new public corporations statute in section 5.

2	<b>Permanent rental housing.</b>
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Adds a reference to housing owned by a public corporation created under the authority in section 5 to the affordable, permanent, and publicly owned rental housing loan authority for MHFA.

3	<b>City.</b>
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Adds a public corporation created under the authority in section 5 to the definition of “city” under the municipal housing chapter of Minnesota Statutes.

4	<b>May be in LLP, LLC, or corporation; bound as if HRA.</b>
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Authorizes a housing and redevelopment authority to create a public corporation under section 5 for the purpose of purchasing, owning, and operating real property converted through the federal RAD program.

5	<b>[469.0121] Public corporation; Rental Assistance Demonstration program.</b>
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Describes the powers and procedures for public corporations created for the purpose of purchasing, owning, and operating real property converted through the federal RAD program.

**Subd. 1. Definitions.** Defines the following terms for purposes of the section: “authority,” “board,” “corporation,” and “RAD.”

**Section Description – Article 2: Public Corporation For Rental Property**

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**Subd. 2. Public corporation created.** Authorizes an authority to create a public corporation to purchase, own, and operate real property that has been converted through the RAD program to preserve and improve public housing properties.

**Subd. 3. Corporation powers.** Enumerates the public corporation powers. Powers relate to succession, litigation, acceptance of gifts and money, contracting, purchasing, governance, and acquisition of property.

Also authorizes the acquisition of properties converted under the RAD program, subject to restrictions and conditions compatible with funding acquisitions and improvements to real property with state general obligation bond proceeds as determined by the commissioner of management and budget.

**Subd. 4. Board of directors.** States that the board of directors of the public corporation is comprised of the commissioners of the authority that created the corporation. The director's term coincides with their term as a commissioner. Board members are not compensated except for reasonable expenses incurred in connection with their duties. The board is also authorized to annually elect a chair and other officers.

**Subd. 5. Bylaws.** Authorizes the board of directors to adopt bylaws and rules.

**Subd. 6. Place of business.** Requires the corporation's place of business to be located and maintained in the city in which the authority that created the corporation is located.

**Subd. 7. Open meetings.** Provides that board meetings are subject to the Open Meeting Law and the Minnesota Government Data Practices Act.

**Subd. 8. Compliance.** Requires the corporation to comply with all laws, rules, ordinances, and other regulations required to own and operate properties as project-based rental assistance properties.

**Subd. 9. Dissolution.** Specifies that the assets of the corporation become property of the authority that created the corporation in the event of dissolution.

**6 Effective date.**

Provides that the act is effective July 1, 2025.



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