

Subject Housing Finance and Policy Major Finance Bill

Authors Igo and Howard

Analyst Justin Cope

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Overview

This bill sets the budget for the Minnesota Housing Finance Agency (MHFA).

This bill provides MHFA with \$175,000,000 in spending authority and funding above the agency base established in the 2023 legislative session. Of that amount, \$75,000,000 comes from new appropriations, and \$100,000,000 comes from authorization for the issuance of housing infrastructure bonds.

The bill also establishes an Accessible Housing Task Force, adopts certain recommendations from the task force on long-term sustainability of affordable housing, and modifies the community-based first-generation homebuyers down payment assistance program.

Article 1: Housing Budget Appropriations

This article makes budgetary appropriations to the Minnesota Housing Finance Agency (MHFA). It also transfers money from a special revenue account established for MHFA to the general fund and repeals that account.

Section Description – Article 1: Housing Budget Appropriations

- 1 Appropriations.**
Establishes the norms for the appropriations riders in section 2.
- 2 Housing Finance Agency.**
Appropriates money to MHFA and provides instructions on its use. For more information, see the House Fiscal Analysis spreadsheet.
- 3 Transfers; housing support account.**
Transfers money from a special revenue account for MHFA to the general fund. That money is appropriated in section 2.

Section Description – Article 1: Housing Budget Appropriations

4 Repealer.

Repeals the special revenue account from section 3 and the statutory transfer to that account.

Article 2: Bonding Authority and Debt Service Appropriations

This article authorizes MHFA to issue \$100,000,000 in housing infrastructure bonds. It also appropriates money to MHFA to pay the debt service on those bonds.

Section Description – Article 2: Bonding Authority and Debt Service Appropriations

1 Additional authorization.

Allows MHFA to issue up to \$100,000,000 in housing infrastructure bonds.

2 Additional appropriation.

Annually appropriates to MHFA the amount to pay debt service on the housing infrastructure bonds issued under section 1.

Article 3: Housing Policy

This article establishes an Accessible Housing Task Force, adopts certain recommendations from the task force on long-term sustainability of affordable housing, and modifies the community-based first-generation homebuyers down payment assistance program.

Section Description – Article 3: Housing Policy

1 Report to the legislature.

Requires an annual report from MHFA on the financial stability of the affordable housing industry, including data on the ratio of operating expenses to revenue in affordable rental housing and on the prevalence of late rental payments.

2 Affordable housing annual meeting.

Requires MHFA to convene annually a meeting with the Interagency Council to End Homelessness and with cities and counties with high levels of cost-burdened households for discussion of housing resources, housing needs, and opportunities for collaboration on certain housing issues.

Section Description – Article 3: Housing Policy

- 3 Prioritization of competitive development program awards.**
Requires MHFA to develop a scoring system for its competitive development programs that would prioritize funding awards to projects that would be within the boundaries of local governments with certain zoning and land use policies that are “conducive to developing residential properties.” Allows MHFA to rely on local governments’ websites to determine their zoning and land use policies.
- 4 Community-based first-generation homebuyers down payment assistance.**
Modifies a 2023 appropriation rider for the community-based first-generation homebuyers down payment assistance program to allow the program’s administrator Midwest Minnesota Community Development Corporation (MMCDC) to retain funds recovered from borrowers more than three years after its grant was first awarded for continued use on the program.
- 5 Community-based first-generation homebuyers down payment assistance program.**
Replaces a requirement that a household receiving assistance under the program have an income at or below 100 percent of area median income with a requirement that an individual homebuyer receiving assistance under the program have an income at or below 100 percent of statewide median income. Increases the maximum amount of assistance under the program from \$32,000 to ten percent of the median home sales price beginning in fiscal year 2027. Allows MMCDC to retain recaptured funds for use on the program.
- 6 Accessible Housing Task Force.**
Creates a task force to look at the experience of individuals who have disabilities related to finding housing designed to assist individuals with disabilities to live independently, including challenges that prevent landlords from providing accessible housing options.
- This bill provides membership for the task force and requires MHFA to provide space and assistance for the task force and to begin the first meeting no later than August 15, 2025.
- The task force must write an initial report to the legislature by February 1, 2026, that gives recommendations for improving the supply, quality, and affordability of housing for individuals with disabilities who need changes for independent living, and then the task force must write a final report no later than August 31, 2026.



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