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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 3593

1.1 A bill for an act  
1.2 relating to housing; establishing a down payment assistance program for the  
1.3 purchase of cooperative housing; establishing an affordable housing cooperative  
1.4 technical assistance program; requiring reports; appropriating money.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. AFFORDABLE HOMEOWNERSHIP COOPERATIVE SHARE  
1.7 ASSISTANCE FUND.

1.8 Subdivision 1. Eligible purchaser. For the purposes of this section, "eligible purchaser"  
1.9 means an individual:

1.10 (1) whose income is at or below 115 percent of the area median income at the time of  
1.11 purchase; and

1.12 (2) either (i) the individual never owned a home or owned a home but lost the home due  
1.13 to foreclosure, or (ii) the individual's parent or prior legal guardian never owned a home or  
1.14 owned a home but lost the home due to foreclosure.

1.15 Subd. 2. Establishment. An affordable homeownership cooperative share assistance  
1.16 fund is established to provide targeted assistance to eligible purchasers to buy cooperative  
1.17 housing units. The Housing Finance Agency may partner with community organizations,  
1.18 including community development financial institutions, credit unions, other financial  
1.19 institutions, nonprofits, government entities, or federally recognized American Indian Tribes  
1.20 or their Tribally Designated Housing Entities, to deliver the assistance.

1.21 Subd. 3. Use of money. Assistance under this section is limited to 50 percent of the  
1.22 purchase price of a cooperative housing unit, not to exceed \$25,000 per eligible purchaser.

2.1 The assistance must be provided in the form of a fee-based loan that is forgivable at a rate  
 2.2 of 20 percent per year on the day after the anniversary date of the note. The loan is repayable  
 2.3 if the property converts to nonowner occupancy, is sold, is subjected to an ineligible  
 2.4 refinance, is subjected to an unauthorized transfer of title, or is subjected to a completed  
 2.5 foreclosure action within ten years. Recapture may be waived in the event of financial or  
 2.6 personal hardship. Money may be reserved and used for closing costs, down payment, or  
 2.7 principal reduction. The money must be used in conjunction with a conforming financing.  
 2.8 Money may be used in conjunction with other programs the eligible purchaser may qualify  
 2.9 for and the loan placed in any priority position. Eligible purchasers must participate in a  
 2.10 cooperative onboarding training and agree to occupy any unit purchased with assistance  
 2.11 under this section for ten years. Any recaptured money must be returned to the Minnesota  
 2.12 Housing Finance Agency for redistribution to eligible share-purchasers.

2.13 Subd. 4. **Administration.** The affordable housing share-purchasing assistance fund is  
 2.14 available statewide and must be administered by the Housing Finance Agency. Grantees  
 2.15 may use up to ten percent of the amount of a loan for administrative expenses.

2.16 Subd. 5. **Legislative audit.** The affordable housing cooperative share-purchasing fund  
 2.17 is subject to audit by the legislative auditor. The Housing Finance Agency and grantees  
 2.18 must cooperate with the audit.

2.19 Subd. 6. **Report to legislature.** By January 15 each year, the agency must report to the  
 2.20 chairs and ranking minority members of the legislative committees having jurisdiction over  
 2.21 housing the following information:

2.22 (1) the number and amount of loans closed;

2.23 (2) the average cost of a purchased cooperative housing unit;

2.24 (3) the number and amount of loans issued by race and ethnic categories;

2.25 (4) the average loan amount;

2.26 (5) the total amount returned to the fund;

2.27 (6) the average income of eligible purchasers; and

2.28 (7) the number and amount of money issued by county.

2.29 Sec. 2. **AFFORDABLE HOUSING COOPERATIVE TECHNICAL ASSISTANCE**  
 2.30 **PROGRAM.**

2.31 Subdivision 1. **Definitions.** For the purposes of this section, the following terms have  
 2.32 the meanings given:

3.1 (1) "commissioner" means the commissioner of the Housing Finance Agency;

3.2 (2) "eligible housing cooperative" means an entity that:

3.3 (i) has a cooperatively run board of directors or is in the process of establishing a  
3.4 cooperatively run board of directors; and

3.5 (ii) provides housing to low- or moderate-income households; and

3.6 (3) "eligible partner organization" means a nonprofit organization or community  
3.7 development financial institution based in Minnesota.

3.8 Subd. 2. **Establishment.** The commissioner shall establish an affordable housing  
3.9 cooperative technical assistance program to award grants statewide to eligible partner  
3.10 organizations to support the start-up, growth, conversion, and ongoing provision of eligible  
3.11 affordable housing cooperatives through the delivery of high-quality free technical assistance  
3.12 services.

3.13 Subd. 3. **Grants to eligible partner organizations; use of money.** (a) The commissioner  
3.14 shall develop forms and procedures for soliciting and reviewing applications for funding  
3.15 under this section. Grantees may award subgrants and may use up to 15 percent of the grant  
3.16 for administrative expenses. All grants must be for two years. The commissioner shall  
3.17 prioritize grant awards to eligible partner organizations that:

3.18 (1) have a record of serving historically underserved communities and have a record of  
3.19 establishing or supporting the growth of affordable housing cooperatives; and

3.20 (2) have a detailed proposal outlining steps to build expertise in supporting the  
3.21 development of affordable housing cooperatives.

3.22 (b) Grantees must target technical assistance to serve:

3.23 (1) individuals who are Black, Indigenous, or people of color;

3.24 (2) women;

3.25 (3) immigrants;

3.26 (4) veterans;

3.27 (5) people who are LGBTQ+; and

3.28 (6) people with disabilities.

3.29 Subd. 4. **Administration.** The commissioner may use up to five percent of the money  
3.30 appropriated for the program for administering and monitoring the program.

4.1 Subd. 5. Reporting. (a) Grantees must report to the commissioner annually until grants  
4.2 are expended or returned to the commissioner. A grantee's annual report must describe the  
4.3 use of grant money and must include data on the number of affordable housing cooperatives  
4.4 served and any other information requested by the commissioner.

4.5 (b) By January 15, 2026, and by January 15 each odd-numbered year thereafter, the  
4.6 commissioner shall submit a report to the chairs and ranking minority members of the  
4.7 committees of the house of representatives and the senate having jurisdiction over housing.  
4.8 The report must detail the use of program money and the program's impact on underserved  
4.9 communities.

4.10 **Sec. 3. APPROPRIATION; AFFORDABLE HOUSING COOPERATIVE**  
4.11 **TECHNICAL ASSISTANCE PROGRAM.**

4.12 \$5,000,000 in fiscal year 2025 is appropriated from the general fund to the commissioner  
4.13 of the Housing Finance Agency for the housing cooperative technical assistance program.  
4.14 The base amount for this appropriation in fiscal year 2026 and thereafter is \$5,000,000.

4.15 **Sec. 4. APPROPRIATION; AFFORDABLE HOMEOWNERSHIP COOPERATIVE**  
4.16 **SHARE ASSISTANCE FUND.**

4.17 \$25,000,000 in fiscal year 2025 is appropriated from the general fund to the commissioner  
4.18 of the Minnesota Housing Finance Agency for the affordable homeownership cooperative  
4.19 share assistance fund. This appropriation is onetime and available until June 30, 2030.