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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 601

01/31/2019 Authored by Hausman; Lee; Howard; Xiong, J.; Olson and others
The bill was read for the first time and referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to housing; expanding the entities qualified to participate in and the types
1.3 of funding available through the workforce and affordable homeownership
1.4 development program; creating the workforce and affordable homeownership
1.5 account in the housing development fund; appropriating money; amending
1.6 Minnesota Statutes 2018, section 462A.38.

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

ARTICLE 1

APPROPRIATIONS

1.10 Section 1. APPROPRIATIONS.

1.11 The sums shown in the columns marked "Appropriations" are appropriated to the agencies
1.12 and for the purposes specified in this article. The appropriations are from the general fund,
1.13 or another named fund, and are available for the fiscal years indicated for each purpose.
1.14 The figures "2020" and "2021" used in this article mean that the appropriations listed under
1.15 them are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively.
1.16 "The first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium"
1.17 is fiscal years 2020 and 2021.

APPROPRIATIONS

Available for the Year

Ending June 30

2020 2021

1.22 Sec. 2. HOUSING FINANCE AGENCY.

1.23 Subdivision 1. Total Appropriation \$ 52,282,000 \$ 42,092,000

2.1 (a) The amounts that may be spent for each
 2.2 purpose are specified in the following
 2.3 subdivisions.

2.4 (b) Unless otherwise specified, this
 2.5 appropriation is for transfer to the housing
 2.6 development fund for the programs specified
 2.7 in this section. Except as otherwise indicated,
 2.8 this transfer is part of the agency's permanent
 2.9 budget base.

2.10 **Subd. 2. Challenge Program** 22,425,000 22,425,000

2.11 This appropriation is for the economic
 2.12 development and housing challenge program
 2.13 under Minnesota Statutes, section 462A.33.

2.14 **Subd. 3. Rental Assistance for Mentally Ill** 5,088,000 5,088,000

2.15 This appropriation is for the rental housing
 2.16 assistance program for persons with a mental
 2.17 illness or families with an adult member with
 2.18 a mental illness under Minnesota Statutes,
 2.19 section 462A.2097.

2.20 **Subd. 4. Family Homeless Prevention and**
 2.21 **Assistance Program** 10,769,000 10,519,000

2.22 This appropriation is for the family homeless
 2.23 prevention and assistance program under
 2.24 Minnesota Statutes, section 462A.204.

2.25 **Subd. 5. Homework Starts With Home** 4,000,000 4,000,000

2.26 (a) Of this appropriation, \$1,000,000 each year
 2.27 is for grants to programs under Minnesota
 2.28 Statutes, section 462A.204, subdivision 8.

2.29 (b) Of this appropriation, \$3,000,000 each year
 2.30 is from the housing trust fund for the rental
 2.31 assistance to highly mobile students program
 2.32 under Minnesota Statutes, section 462A.201,
 2.33 subdivision 2, paragraph (a), clause (4).

3.1 **Subd. 6. Local Housing Trust Fund Grants** 10,000,000

3.2 (a) This appropriation is for grants to housing
3.3 trust funds established under Minnesota
3.4 Statutes, section 462C.16, to incentivize local
3.5 funding. This is a onetime appropriation.
3.6 Grants shall provide matching funds of 100
3.7 percent of the amount not exceeding \$150,000
3.8 and 50 percent of the amount over \$150,000
3.9 and not exceeding \$300,000 that a housing
3.10 trust fund receives in fiscal years 2019 and
3.11 2020 from local own-source revenues. For
3.12 purposes of this section, "local own-source
3.13 revenues" means public revenue from any
3.14 source other than the state or federal
3.15 government.

3.16 (b) Of this appropriation, \$100,000 is for
3.17 technical assistance grants to local and
3.18 regional housing trust funds. A housing trust
3.19 fund may apply for a technical assistance grant
3.20 at the time and in the manner and form
3.21 required by the agency. The agency shall make
3.22 grants on a first-come, first-served basis. A
3.23 technical assistance grant must not exceed
3.24 \$5,000.

3.25 (c) Grant recipients under this subdivision
3.26 must use grant funds within eight years of
3.27 receipt for purposes (1) authorized under
3.28 Minnesota Statutes, section 462C.16,
3.29 subdivision 3, and (2) benefiting households
3.30 with incomes at or below 115 percent of the
3.31 state median income. Recipients must return
3.32 any grant funds not used for these purposes
3.33 within eight years of receipt to the
3.34 commissioner of the Housing Finance Agency
3.35 for deposit into the housing development fund.

4.1 Sec. 3. **EFFECTIVE DATE.**

4.2 This article is effective July 1, 2019.

4.3 **ARTICLE 2**
4.4 **HOUSING POLICY**

4.5 Section 1. Minnesota Statutes 2018, section 462A.38, is amended to read:

4.6 **462A.38 WORKFORCE AND AFFORDABLE HOMEOWNERSHIP**
4.7 **DEVELOPMENT PROGRAM.**

4.8 Subdivision 1. **Establishment.** A workforce and affordable homeownership development
4.9 program is established to award homeownership development grants and loans to cities,
4.10 tribal governments, nonprofit organizations, cooperatives created under chapter 308A or
4.11 308B, and community land trusts created for the purposes outlined in section 462A.31,
4.12 subdivision 1, for development of workforce and affordable homeownership projects. The
4.13 purpose of the program is to increase the supply of workforce and affordable, owner-occupied
4.14 multifamily or single-family housing throughout Minnesota.

4.15 Subd. 2. **Use of funds.** (a) Grant funds and loans awarded under this program may be
4.16 used for:

4.17 (1) development costs;

4.18 (2) rehabilitation;

4.19 (3) land development; and

4.20 (4) residential housing, including storm shelters and related community facilities.

4.21 (b) A project funded through ~~the grant~~ this program shall serve households that meet
4.22 the income limits as provided in section 462A.33, subdivision 5, unless a project is intended
4.23 for the purpose outlined in section 462A.02, subdivision 6.

4.24 Subd. 3. **Application.** The commissioner shall develop forms and procedures for soliciting
4.25 and reviewing applications for grants and loans under this section. The commissioner shall
4.26 consult with interested stakeholders when developing the guidelines and procedures for the
4.27 program. In making grants and loans, the commissioner shall establish semiannual application
4.28 deadlines in which grants and loans will be authorized from all or part of the available
4.29 appropriations.

5.1 Subd. 4. **Awarding grants and loans.** Among comparable proposals, preference must
5.2 be given to proposals that include contributions from nonstate resources for the greatest
5.3 portion of the total development cost.

5.4 Subd. 5. **Statewide program.** The agency shall attempt to make grants and loans in
5.5 approximately equal amounts to applicants outside and within the metropolitan area, as
5.6 defined under section 473.121, subdivision 2.

5.7 Subd. 6. **Report.** Beginning January 15, ~~2018~~ 2019, the commissioner must annually
5.8 submit a report to the chairs and ranking minority members of the senate and house of
5.9 representatives committees having jurisdiction over housing and workforce development
5.10 specifying the projects that received grants and loans under this section and the specific
5.11 purposes for which the grant or loan funds were used.

5.12 Subd. 7. **Workforce and affordable homeownership development account.** A
5.13 workforce and affordable homeownership development account is established in the housing
5.14 development fund. Money in the account, including interest, is appropriated to the
5.15 commissioner of the Housing Finance Agency for purposes of this section. The amount
5.16 appropriated under this section must supplement traditional sources of funding for this
5.17 purpose and must not be used as a substitute or to pay debt service on bonds.

5.18 Subd. 8. **Deposits; determination of funding amount.** (a) In fiscal years 2020 to 2029,
5.19 the commissioner of revenue shall annually deposit, by September 15, an amount equal to
5.20 the increment determined under paragraph (b) into the workforce and affordable
5.21 homeownership account in the housing development fund.

5.22 (b) By September 1, 2019, and each year thereafter through 2028, the commissioner of
5.23 revenue must determine the total amount of the proceeds of the mortgage registry tax imposed
5.24 under section 287.035 and the deed tax imposed under section 287.21 that was collected
5.25 during the fiscal year ending in that calendar year and must determine the increment that
5.26 exceeds the amount collected in the previous fiscal year. The increment calculated under
5.27 this paragraph must not be less than \$0.

5.28 (c) All loan repayments received under this section must be deposited into the workforce
5.29 and affordable homeownership development account in the housing development fund.

5.30 **EFFECTIVE DATE.** This section is effective July 1, 2019.