

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 2335

03/01/2023 Authored by Howard
The bill was read for the first time and referred to the Committee on Rules and Legislative Administration
03/06/2023 Adoption of Report: Re-referred to the Committee on Housing Finance and Policy

1.1 A bill for an act
1.2 relating to state government; establishing a budget for the Minnesota Housing
1.3 Finance Agency; providing for childhood housing stability; establishing a
1.4 community stabilization program; establishing a supportive housing program;
1.5 establishing a first-generation homebuyers down payment assistance fund;
1.6 appropriating money; amending Minnesota Statutes 2022, sections 462A.201,
1.7 subdivision 2; 462A.204, subdivision 8; 462A.21, subdivision 3b; proposing coding
1.8 for new law in Minnesota Statutes, chapter 462A.

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

1.10 ARTICLE 1
1.11 HOUSING APPROPRIATIONS

1.12 Section 1. APPROPRIATIONS.

1.13 The sums shown in the columns marked "Appropriations" are appropriated to the agency
1.14 for the purposes specified in this article. The appropriations are from the general fund, or
1.15 another named fund, and are available for the fiscal years indicated for each purpose. The
1.16 figures "2024" and "2025" used in this article mean that the appropriations listed under them
1.17 are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The
1.18 first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is
1.19 fiscal years 2024 and 2025.

Table with 2 columns: 2024, 2025. Header: APPROPRIATIONS Available for the Year Ending June 30

1.24 Sec. 2. HOUSING FINANCE AGENCY

1.25 Subdivision 1. Total Appropriation \$ 471,048,000 \$ 371,048,000

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** 62,925,000 62,925,000

2.11 (a) This appropriation is for the economic
 2.12 development and housing challenge program
 2.13 under Minnesota Statutes, section 462A.33
 2.14 and 462A.07, subdivision 14.

2.15 (b) Of this amount, \$6,292,500 each year shall
 2.16 be made available during the first 11 months
 2.17 of the fiscal year exclusively for housing
 2.18 projects for American Indians. Any funds not
 2.19 committed to housing projects for American
 2.20 Indians within the annual consolidated request
 2.21 for funding processes may be available for
 2.22 any eligible activity under Minnesota Statutes,
 2.23 sections 462A.33 and 462A.07, subdivision
 2.24 14.

2.25 (c) The base for this program in fiscal year
 2.26 2026 and beyond is \$12,925,000.

2.27 **Subd. 3. Workforce Housing Development** 22,000,000 22,000,000

2.28 (a) This appropriation is for the Greater
 2.29 Minnesota workforce housing development
 2.30 program under Minnesota Statutes, section
 2.31 462A.39. If requested by the applicant and
 2.32 approved by the agency, funded properties
 2.33 may include a portion of income and rent

3.1	<u>restricted units. Funded properties may include</u>		
3.2	<u>owner-occupied homes.</u>		
3.3	<u>(b) The base for this program in fiscal year</u>		
3.4	<u>2026 and beyond is \$2,000,000.</u>		
3.5	<u>Subd. 4. Manufactured Home Park</u>		
3.6	<u>Infrastructure Grants</u>	<u>13,500,000</u>	<u>13,500,000</u>
3.7	<u>(a) This appropriation is for manufactured</u>		
3.8	<u>home park infrastructure grants under</u>		
3.9	<u>Minnesota Statutes, section 462A.2035,</u>		
3.10	<u>subdivision 1b.</u>		
3.11	<u>(b) The base for this program in fiscal year</u>		
3.12	<u>2026 and beyond is \$1,000,000.</u>		
3.13	<u>Subd. 5. Workforce Homeownership Program</u>	<u>17,750,000</u>	<u>17,750,000</u>
3.14	<u>(a) This appropriation is for the workforce</u>		
3.15	<u>homeownership program under Minnesota</u>		
3.16	<u>Statutes, section 462A.38.</u>		
3.17	<u>(b) The base for this program in fiscal year</u>		
3.18	<u>2026 and beyond is \$250,000.</u>		
3.19	<u>Subd. 6. Housing Trust Fund</u>	<u>16,646,000</u>	<u>16,646,000</u>
3.20	<u>This appropriation is for deposit in the housing</u>		
3.21	<u>trust fund account created under Minnesota</u>		
3.22	<u>Statutes, section 462A.201, and may be used</u>		
3.23	<u>for the purposes provided in that section.</u>		
3.24	<u>Subd. 7. Homework Starts with Home</u>	<u>4,250,000</u>	<u>4,250,000</u>
3.25	<u>This appropriation is for the homework starts</u>		
3.26	<u>with home program under Minnesota Statutes,</u>		
3.27	<u>sections 462A.201, subdivision 2, paragraph</u>		
3.28	<u>(a), clause (4), and 462A.204, subdivision 8,</u>		
3.29	<u>to provide assistance to homeless families,</u>		
3.30	<u>those at risk of homelessness, or highly mobile</u>		
3.31	<u>families.</u>		
3.32	<u>Subd. 8. Rental Assistance for Mentally Ill</u>	<u>9,338,000</u>	<u>9,338,000</u>

4.1 (a) This appropriation is for the rental housing
 4.2 assistance program for persons with a mental
 4.3 illness or families with an adult member with
 4.4 a mental illness under Minnesota Statutes,
 4.5 section 462A.2097. Among comparable
 4.6 proposals, the agency shall prioritize those
 4.7 proposals that target, in part, eligible persons
 4.8 who desire to move to more integrated,
 4.9 community-based settings.

4.10 (b) Notwithstanding any law to the contrary,
 4.11 this appropriation may be used for risk
 4.12 mitigation funds, landlord incentives, or other
 4.13 costs necessary to decrease the risk of
 4.14 homelessness, as determined by the agency.

4.15 <u>Subd. 9. Family Homeless Prevention</u>	<u>60,269,000</u>	<u>60,269,000</u>
--	-------------------	-------------------

4.16 (a) This appropriation is for the family
 4.17 homeless prevention and assistance program
 4.18 under Minnesota Statutes, section 462A.204.

4.19 (b) Notwithstanding any law to the contrary,
 4.20 the agency may award up to \$10,000,000 in
 4.21 fiscal year 2024 to existing grantees.

4.22 (c) Up to \$5,000,000 in fiscal year 2024 is for
 4.23 grants to eligible applicants to create or expand
 4.24 risk mitigation programs to reduce landlord
 4.25 financial risks for renting to persons eligible
 4.26 under Minnesota Statutes, section 462A.204.
 4.27 Eligible programs may reimburse landlords
 4.28 for costs including but not limited to
 4.29 nonpayment of rent, or damage costs above
 4.30 those costs covered by security deposits. This
 4.31 appropriation may be used for staffing costs
 4.32 necessary to implement the program. The
 4.33 agency may give priority to applicants that
 4.34 demonstrate a matching amount of money by

5.1 a local unit of government, business, or
5.2 nonprofit organization. Grantees must
5.3 establish a procedure to review and validate
5.4 claims and reimbursements under this
5.5 program. This is a onetime appropriation.

5.6 (d) Notwithstanding any law to the contrary,
5.7 this appropriation may be used for program
5.8 costs necessary to decrease the risk of
5.9 homelessness and improve the effectiveness
5.10 of the program, as determined by the agency.

5.11 (e) For fiscal year 2024 and fiscal year 2025,
5.12 qualified families may receive more than 24
5.13 months of rental assistance.

5.14 (f) If the agency determines that the
5.15 metropolitan area needs additional support to
5.16 serve homeless households or those at risk of
5.17 homelessness, the agency is authorized to
5.18 grant funds to entities other than counties in
5.19 the metropolitan area, including but not limited
5.20 to nonprofit organizations.

5.21 (g) When a new grantee works with a current
5.22 or former grantee in a given geographic area,
5.23 a new grantee may work with either an
5.24 advisory committee as required under
5.25 Minnesota Statutes, section 462A.204,
5.26 subdivision 6, or the local continuum of care
5.27 and is not required to meet the requirements
5.28 of Minnesota Statutes, section 462A.204,
5.29 subdivision 4.

5.30 (h) Notwithstanding any law to the contrary,
5.31 \$10,000,000 of this appropriation is allocated
5.32 to federally recognized American Indian
5.33 Tribes located in Minnesota. The funds shall
5.34 be divided equally among the Tribes and shall

6.1 be used for the purposes allowed under this
6.2 section.

6.3 (i) The base for this program in fiscal year
6.4 2026 and beyond is \$14,519,000.

6.5 **Subd. 10. Home Ownership Assistance Fund** 14,885,000 14,885,000

6.6 (a) This appropriation is for the home
6.7 ownership assistance program under
6.8 Minnesota Statutes, section 462A.21,
6.9 subdivision 8. The agency shall continue to
6.10 strengthen its efforts to address the disparity
6.11 gap in the homeownership rate between white
6.12 households and indigenous American Indians
6.13 and communities of color. To better
6.14 understand and address the disparity gap, the
6.15 agency is required to collect, on a voluntary
6.16 basis, demographic information regarding
6.17 race, color, national origin, and sex of
6.18 applicants for agency programs intended to
6.19 benefit homeowners and homebuyers.

6.20 (b) The base for this program in fiscal year
6.21 2026 and beyond is \$4,885,000.

6.22 **Subd. 11. Affordable Rental Investment Fund** 4,218,000 4,218,000

6.23 (a) This appropriation is for the affordable
6.24 rental investment fund program under
6.25 Minnesota Statutes, section 462A.21,
6.26 subdivision 8b, to finance the acquisition,
6.27 rehabilitation, and debt restructuring of
6.28 federally assisted rental property and for
6.29 making equity take-out loans under Minnesota
6.30 Statutes, section 462A.05, subdivision 39.

6.31 (b) The owner of federally assisted rental
6.32 property must agree to participate in the
6.33 applicable federally assisted housing program
6.34 and to extend any existing low-income

7.1 affordability restrictions on the housing for
 7.2 the maximum term permitted.

7.3 (c) The appropriation also may be used to
 7.4 finance the acquisition, rehabilitation, and debt
 7.5 restructuring of existing supportive housing
 7.6 properties and naturally occurring affordable
 7.7 housing as determined by the commissioner.
 7.8 For purposes of this paragraph, "supportive
 7.9 housing" means affordable rental housing with
 7.10 links to services necessary for individuals,
 7.11 youth, and families with children to maintain
 7.12 housing stability.

7.13	<u>Subd. 12. Owner-Occupied Housing</u>		
7.14	<u>Rehabilitation</u>	<u>2,772,000</u>	<u>2,772,000</u>

7.15 (a) This appropriation is for the rehabilitation
 7.16 of owner-occupied housing under Minnesota
 7.17 Statutes, section 462A.05, subdivisions 14 and
 7.18 14a.

7.19 (b) Notwithstanding any law to the contrary,
 7.20 grants or loans under this subdivision may be
 7.21 made without rent or income restrictions of
 7.22 owners or tenants. To the extent practicable,
 7.23 grants or loans must be made available
 7.24 statewide.

7.25	<u>Subd. 13. Rental Housing Rehabilitation</u>	<u>3,743,000</u>	<u>3,743,000</u>
------	---	------------------	------------------

7.26 (a) This appropriation is for the rehabilitation
 7.27 of eligible rental housing under Minnesota
 7.28 Statutes, section 462A.05, subdivision 14. In
 7.29 administering a rehabilitation program for
 7.30 rental housing, the agency may apply the
 7.31 processes and priorities adopted for
 7.32 administration of the economic development
 7.33 and housing challenge program under
 7.34 Minnesota Statutes, section 462A.33, and may

8.1 provide grants or forgivable loans if approved
 8.2 by the agency.

8.3 (b) Notwithstanding any law to the contrary,
 8.4 grants or loans under this subdivision may be
 8.5 made without rent or income restrictions of
 8.6 owners or tenants. To the extent practicable,
 8.7 grants or loans must be made available
 8.8 statewide.

8.9 **Subd. 14. Homeownership Education,**
 8.10 **Counseling, and Training**

1,857,000

1,857,000

8.11 (a) This appropriation is for the
 8.12 homeownership education, counseling, and
 8.13 training program under Minnesota Statutes,
 8.14 section 462A.209.

8.15 (b) The base for this program in fiscal year
 8.16 2026 and beyond is \$857,000.

8.17 **Subd. 15. Capacity-Building Grants**

6,395,000

6,395,000

8.18 (a) This appropriation is for capacity-building
 8.19 grants under Minnesota Statutes, section
 8.20 462A.21, subdivision 3b. Of this amount, up
 8.21 to \$125,000 each year is for support of the
 8.22 Homeless Management Information System
 8.23 (HMIS).

8.24 (b) The base for this program in fiscal year
 8.25 2026 and beyond is \$645,000.

8.26 **Subd. 16. Build Wealth MN**

500,000

500,000

8.27 This appropriation is for a grant to Build
 8.28 Wealth Minnesota to provide a family
 8.29 stabilization plan program including program
 8.30 outreach, financial literacy education, and
 8.31 budget and debt counseling.

8.32 **Subd. 17. Housing Infrastructure**

50,000,000

50,000,000

9.1 This appropriation is for the housing
 9.2 infrastructure program for the eligible
 9.3 purposes under Minnesota Statutes, section
 9.4 462A.37, subdivision 2. This is a onetime
 9.5 appropriation.

9.6 **Subd. 18. Public Housing Rehabilitation** 10,000,000 10,000,000

9.7 This appropriation is to finance the costs of
 9.8 rehabilitation to preserve public housing under
 9.9 Minnesota Statutes, section 462A.202,
 9.10 subdivision 3a. For purposes of this section,
 9.11 "public housing" means housing for
 9.12 low-income persons and households that is
 9.13 financed by the federal government and
 9.14 publicly owned or housing that has been
 9.15 repositioned under the federal Rental
 9.16 Assistance Demonstration or similar program.

9.17 The agency may give priority to proposals that
 9.18 maximize nonstate resources to finance the
 9.19 capital costs, requests that prioritize long-term
 9.20 affordability, and requests that prioritize
 9.21 health, safety, and energy improvements. The
 9.22 priority in Minnesota Statutes, section
 9.23 462A.202, subdivision 3a, for projects to
 9.24 increase the supply of affordable housing and
 9.25 the restrictions of Minnesota Statutes, section
 9.26 462A.202, subdivision 7, do not apply to this
 9.27 appropriation. This is a onetime appropriation.

9.28 **Subd. 19. Community Stabilization** 100,000,000 -0-

9.29 This appropriation is for the community
 9.30 stabilization program under Minnesota
 9.31 Statutes, section 462A.41. This a onetime
 9.32 appropriation.

9.33 **Subd. 20. Supportive Housing** 20,000,000 20,000,000

10.1 This appropriation is for the supportive
 10.2 housing program under Minnesota Statutes,
 10.3 section 462A.42. This is a onetime
 10.4 appropriation.

10.5 **Subd. 21. First Generation Homebuyer** 50,000,000 50,000,000

10.6 This appropriation is for the first generation
 10.7 homebuyer program under Minnesota Statutes,
 10.8 section 462A.43. This is a onetime
 10.9 appropriation.

10.10 **Subd. 22. Availability and Transfer of Funds**

10.11 Money appropriated in the first year in this
 10.12 article is available the second year. The
 10.13 commissioner may shift or transfer money in
 10.14 the second year in subdivisions 2, 3, 4, 5, 11,
 10.15 12, and 13 to address high-priority housing
 10.16 needs.

10.17 **ARTICLE 2**

10.18 **HOUSING PROGRAM ELIGIBILITY**

10.19 Section 1. Minnesota Statutes 2022, section 462A.201, subdivision 2, is amended to read:

10.20 Subd. 2. **Low-income housing.** (a) The agency may use money from the housing trust
 10.21 fund account to provide loans or grants for:

10.22 (1) projects for the development, construction, acquisition, preservation, and rehabilitation
 10.23 of low-income rental and limited equity cooperative housing units, including temporary
 10.24 and transitional housing;

10.25 (2) the costs of operating rental housing, as determined by the agency, that are unique
 10.26 to the operation of low-income rental housing or supportive housing;

10.27 (3) rental assistance, either project-based or tenant-based; and

10.28 (4) programs to secure stable housing for families with minor children or with children
 10.29 eligible for enrollment in a prekindergarten through grade 12 academic program.

10.30 For purposes of this section, "transitional housing" has the meaning given by the United
 10.31 States Department of Housing and Urban Development. Loans or grants for residential
 10.32 housing for migrant farmworkers may be made under this section.

11.1 (b) The housing trust fund account must be used for the benefit of persons and families
11.2 whose income, at the time of initial occupancy, does not exceed 60 percent of median income
11.3 as determined by the United States Department of Housing and Urban Development for the
11.4 metropolitan area. At least 75 percent of the funds in the housing trust fund account must
11.5 be used for the benefit of persons and families whose income, at the time of initial occupancy,
11.6 does not exceed 30 percent of the median family income for the metropolitan area as defined
11.7 in section 473.121, subdivision 2. For purposes of this section, a household with a housing
11.8 assistance voucher under Section 8 of the United States Housing Act of 1937, as amended,
11.9 is deemed to meet the income requirements of this section.

11.10 The median family income may be adjusted for families of five or more.

11.11 (c) Rental assistance under this section must be provided by governmental units which
11.12 administer housing assistance supplements or by for-profit or nonprofit organizations
11.13 experienced in housing management. Rental assistance shall be limited to households whose
11.14 income at the time of initial receipt of rental assistance does not exceed 60 percent of median
11.15 income, as determined by the United States Department of Housing and Urban Development
11.16 for the metropolitan area. Priority among comparable applications for tenant-based rental
11.17 assistance will be given to proposals that will serve households whose income at the time
11.18 of initial application for rental assistance does not exceed 30 percent of median income, as
11.19 determined by the United States Department of Housing and Urban Development for the
11.20 metropolitan area. Rental assistance must be terminated when it is determined that 30 percent
11.21 of a household's monthly income for four consecutive months equals or exceeds the market
11.22 rent for the unit in which the household resides plus utilities for which the tenant is
11.23 responsible. Rental assistance may only be used for rental housing units that meet the housing
11.24 maintenance code of the local unit of government in which the unit is located, if such a code
11.25 has been adopted, or the housing quality standards adopted by the United States Department
11.26 of Housing and Urban Development, if no local housing maintenance code has been adopted.

11.27 (d) In making the loans or grants, the agency shall determine the terms and conditions
11.28 of repayment and the appropriate security, if any, should repayment be required. To promote
11.29 the geographic distribution of grants and loans, the agency may designate a portion of the
11.30 grant or loan awards to be set aside for projects located in specified congressional districts
11.31 or other geographical regions specified by the agency. The agency may adopt rules for
11.32 awarding grants and loans under this subdivision.

12.1 Sec. 2. Minnesota Statutes 2022, section 462A.204, subdivision 8, is amended to read:

12.2 Subd. 8. **School Childhood housing stability.** (a) The agency in consultation with the
 12.3 Interagency Council on Homelessness may establish a ~~school~~ childhood housing stability
 12.4 project under the family homeless prevention and assistance program. The purpose of the
 12.5 project is to secure stable housing for families with ~~school-age~~ minor children or with
 12.6 children eligible for enrollment in a prekindergarten through grade 12 academic program
 12.7 who have moved frequently and for unaccompanied youth. For purposes of this subdivision,
 12.8 "unaccompanied youth" are minors who are leaving foster care or juvenile correctional
 12.9 facilities, or minors who meet the definition of a child in need of services or protection
 12.10 under section 260C.007, subdivision 6, but for whom no court finding has been made
 12.11 pursuant to that statute.

12.12 (b) The agency shall make grants to family homeless prevention and assistance projects
 12.13 in communities with: (1) a school or schools that have a significant degree of student
 12.14 mobility; (2) a significant degree of homelessness among families with minor children; or
 12.15 (3) children eligible for enrollment in a prekindergarten through grade 12 academic program.

12.16 (c) Each project must be designed to reduce school absenteeism; stabilize children in
 12.17 one home setting or, at a minimum, in one school setting; and reduce shelter usage. Each
 12.18 project must include plans for the following:

12.19 (1) targeting of families with minor children or with children who are eligible for
 12.20 enrollment in a prekindergarten through grade 12 academic program and who are living in
 12.21 overcrowded conditions in their current housing; are paying more than 50 percent of their
 12.22 income for rent; or who lack a fixed, regular, and adequate nighttime residence;

12.23 (2) targeting of unaccompanied youth in need of an alternative residential setting;

12.24 (3) connecting families with the social services necessary to maintain the families'
 12.25 stability in their home, including but not limited to housing navigation, legal representation,
 12.26 and family outreach; and

12.27 (4) one or more of the following:

12.28 (i) provision of rental assistance for a specified period of time, which may exceed 24
 12.29 months; or

12.30 (ii) provision of support and case management services to improve housing stability,
 12.31 including but not limited to housing navigation and family outreach.

13.1 (d) In selecting projects for funding under this subdivision, preference shall be given to
 13.2 organizations granted funding under section 462A.201, subdivision 2, paragraph (a), clause
 13.3 (4).

13.4 (e) No grantee under this subdivision is required to have an advisory committee as
 13.5 described in subdivision 6.

13.6 Sec. 3. Minnesota Statutes 2022, section 462A.21, subdivision 3b, is amended to read:

13.7 Subd. 3b. **Capacity building grants.** It may make capacity building grants to nonprofit
 13.8 organizations, local government units, Indian tribes, and Indian tribal organizations to
 13.9 expand their capacity to provide affordable housing and housing-related services. The grants
 13.10 may be used to assess housing needs and to develop and implement strategies to meet those
 13.11 needs, including but not limited to the creation or preservation of affordable housing,
 13.12 prepurchase and postpurchase counseling and associated administrative costs, and the linking
 13.13 of supportive services to the housing. The agency shall adopt rules, policies, and procedures
 13.14 specifying the eligible uses of grant money. Funding priority ~~must~~ may be given to those
 13.15 applicants that include low-income persons in their membership, have provided
 13.16 housing-related services to low-income people, and demonstrate a local commitment of
 13.17 local resources, which may include in-kind contributions. ~~Grants under this subdivision~~
 13.18 ~~may be made only with specific appropriations by the legislature.~~

13.19 Sec. 4. [462A.41] COMMUNITY STABILIZATION PROGRAM.

13.20 Subdivision 1. Establishment. The agency shall establish a community stabilization
 13.21 program to provide grants or loans to preserve naturally occurring affordable housing through
 13.22 acquisition, acquisition and rehabilitation, or rehabilitation.

13.23 Subd. 2. Definitions. For the purposes of this section, "naturally occurring affordable
 13.24 housing" means:

13.25 (1) multiunit rental housing that:

13.26 (i) is at least 20 years old; and

13.27 (ii) has rents in a majority of units that are affordable to households at or below 60
 13.28 percent of the greater of state or area median income as determined by the United States
 13.29 Department of Housing and Urban Development; or

13.30 (2) owner-occupied housing located in communities where market pressures or significant
 13.31 deferred rehabilitation needs, as defined by the agency, are creating opportunities for
 13.32 displacement or the loss of owner-occupied housing affordable to households at or below

14.1 115 percent of the greater of state or area median income as determined by the United States
14.2 Department of Housing and Urban Development.

14.3 Subd. 3. **Eligible recipients.** (a) Grants or loans may be made to a local unit of
14.4 government; federally recognized American Indian Tribe located in Minnesota or its Tribally
14.5 Designated Housing Entity; private developer; limited equity cooperative; cooperative
14.6 created under chapter 308A or 308B; community land trust created for the purposes outlined
14.7 in section 462A.31, subdivision 1; or nonprofit organization.

14.8 (b) The agency may make a grant to a statewide intermediary to facilitate the acquisition
14.9 and associated rehabilitation of existing multiunit rental housing and may use an intermediary
14.10 or intermediaries for the acquisition and associated rehabilitation of owner-occupied housing.

14.11 Subd. 4. **Eligible uses.** The program shall provide grants or loans for the purpose of
14.12 acquisition, rehabilitation, interest rate reduction, or gap financing of housing to support
14.13 the preservation of naturally occurring affordable housing. Priority in funding shall be given
14.14 to proposals that serve lower incomes and maintain longer periods of affordability.

14.15 Subd. 5. **Owner-occupied housing income limits.** Households served through grants
14.16 or loans related to owner-occupied housing must have, at initial occupancy, income that is
14.17 at or below 115 percent of the greater of state or area median income as determined by the
14.18 United States Department of Housing and Urban Development.

14.19 Subd. 6. **Multifamily housing rent limits.** Multifamily housing financed through grants
14.20 or loans under this section must remain affordable to low-income or moderate-income
14.21 households as defined by the agency.

14.22 Subd. 7. **Application.** (a) The agency shall develop forms and procedures for soliciting
14.23 and reviewing applications for loans or grants under this section. The agency shall consult
14.24 with interested stakeholders when developing the guidelines and procedures for the program.

14.25 (b) Notwithstanding any other applicable law, the agency may accept applications on a
14.26 noncompetitive, rolling basis in order to provide funds for eligible properties as they become
14.27 available.

14.28 Subd. 8. **Voucher requirement for multifamily properties.** Rental properties that
14.29 receive funds must accept rental subsidies, including but not limited to vouchers under
14.30 Section 8 of the United States Housing Act of 1937, as amended.

15.1 **Sec. 5. [462A.42] SUPPORTIVE HOUSING PROGRAM.**

15.2 Subdivision 1. **Establishment.** The agency shall establish a supportive housing program
15.3 to provide funding to support the operations of supportive housing for individuals and
15.4 families who are at risk of homelessness or have experienced homelessness.

15.5 Subd. 2. **Definition.** For the purposes of this section, "supportive housing" means housing
15.6 that is not time-limited and provides or coordinates with services necessary for residents to
15.7 maintain housing stability and maximize opportunities for education and employment.

15.8 Subd. 3. **Eligible recipients.** Funding may be made to a local unit of government, a
15.9 federally recognized American Indian Tribe or its Tribally Designated Housing Entity
15.10 located in Minnesota, a private developer, or a nonprofit organization.

15.11 Subd. 4. **Eligible uses.** (a) Funds shall be used to cover costs needed for supportive
15.12 housing to operate effectively. Costs may include but are not limited to building operating
15.13 expenses such as front desk, tenant service coordination, revenue shortfall, and security
15.14 costs. These funds may be capitalized as part of development costs. Funds can be provided
15.15 to support existing permanent supportive housing units or to cover costs associated with
15.16 new permanent supportive housing units.

15.17 (b) Funds may be used to create partnerships with the health care sector and other sectors
15.18 to demonstrate sustainable ways to provide services for supportive housing residents, improve
15.19 access to health care, and reduce the use of expensive emergency and institutional care.
15.20 This may be done in partnership with other state agencies, including the Department of
15.21 Health and the Department of Human Services.

15.22 Subd. 5. **Application.** The commissioner shall develop forms and procedures for soliciting
15.23 and reviewing applications for funding under this section. The commissioner shall consult
15.24 with interested stakeholders when developing the guidelines and procedures for the program.

15.25 **Sec. 6. [462A.43] FIRST-GENERATION HOMEBUYERS DOWN PAYMENT**
15.26 **ASSISTANCE FUND.**

15.27 Subdivision 1. **Establishment.** A first-generation homebuyers down payment assistance
15.28 fund is established for the agency to provide targeted assistance to eligible first-generation
15.29 homebuyer households throughout the state. The agency shall partner with community
15.30 organizations, including community development financial institutions, credit unions, other
15.31 financial institutions, nonprofits, government entities, or federally recognized American
15.32 Indian Tribes or their Tribally Designated Housing Entities, to deliver the assistance.

16.1 Subd. 2. **Eligible homebuyer.** (a) For purposes of this section, "eligible first-generation
16.2 homebuyer" means an individual:

16.3 (1) whose household income is at or below 115 percent of the statewide or area median
16.4 income, whichever is greater, at the time of purchase;

16.5 (2) who is a first-time homebuyer as defined by the agency;

16.6 (3) who meets the following criteria:

16.7 (i) has either never owned a home or owned a home but lost it due to foreclosure; and

16.8 (ii) has a parent or prior legal guardian who does not currently own a home and had
16.9 never previously owned a home or had previously owned a home but lost it due to
16.10 foreclosure;

16.11 (4) who completes an approved homebuyer education course; and

16.12 (5) who plans on occupying the home as a primary residence.

16.13 (b) An eligible homebuyer must purchase the home within the maximum loan amount
16.14 established by the Federal Housing Administration for the county in which the home is
16.15 located and must contribute a minimum of \$1,000 toward down payment or closing costs.

16.16 Subd. 3. **Use of funds.** Assistance under this section may be provided as a forgivable
16.17 loan, a deferred loan, or a combination of both. Homebuyers may use the funds to purchase
16.18 a one- to four-unit home, including manufactured homes. The assistance is limited to the
16.19 greater of ten percent of the purchase price of a home or \$35,000 per eligible first-generation
16.20 homebuyer household. The amount of assistance shall be adjusted for market conditions
16.21 over time at the discretion of the agency. The funds may be used for one or more of the
16.22 following: closing costs, down payment, mortgage insurance, interest rate buy-down, and
16.23 principal reduction. The funds can be combined with other homebuyer assistance and must
16.24 be used in conjunction with a conforming first mortgage loan that is fully amortizing, with
16.25 or without interest, and meets the standard of a qualified mortgage or as otherwise determined
16.26 by the agency.

16.27 Subd. 4. **Repayment.** Loans would be repayable if the property converts to nonowner
16.28 occupancy, is sold, is subjected to an ineligible refinance, is subjected to an unauthorized
16.29 transfer of title, or for other reasons as stated in the loan documents. Recapture can be
16.30 waived in the event of financial or personal hardship at the discretion of the agency.

16.31 Subd. 5. **Administration.** The first-generation homebuyers down payment assistance
16.32 fund is available statewide and shall be administered by the agency. If the agency works

- 17.1 with a lending partner, that partner may use a percentage of the funds received for
- 17.2 administrative fees as determined by the agency.