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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 2812

04/04/2019 Authored by Gomez
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxes; property tax aids; creating a new aid program to assist with
1.3 low-income housing; appropriating money; proposing coding for new law in
1.4 Minnesota Statutes, chapter 477A.

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

1.6 Section 1. 477A.095 LOW-INCOME HOUSING AID.

1.7 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have
1.8 the meanings given unless otherwise provided to the contrary.

1.9 (b) "Affordable housing" means rental housing where at least 20 percent of the units are
1.10 subject to rent and income restrictions under the terms of financial assistance provided by
1.11 a local unit of government, and the restrictions require that rent for restricted units does not
1.12 exceed 30 percent of 30 percent of the area median income, adjusted for family size, as
1.13 determined by the United States Department of Housing and Urban Development.

1.14 (c) "Base year estimate" means the American Community Survey five-year estimates
1.15 from seven years prior to the current year.

1.16 (d) "Comparison region" means:

1.17 (1) for a census tract for which a majority of the tract's area is in the seven-county
1.18 metropolitan area, the seven-county metropolitan area; and

1.19 (2) for all other census tracts, the county in which the largest share of the tract's area
1.20 lies.

1.21 (e) "Current year estimate" means the most recently available American Community
1.22 Survey five-year estimates.

2.1 (f) "Population" means the current year estimate for the census tract.

2.2 (g) "Qualifying census tract" means a United States Census Bureau census tract that
2.3 meets the following criteria:

2.4 (1) in the base year estimate, the tract had a median household income that was less than
2.5 the median household income in the comparison region;

2.6 (2) the tract's rate of growth in median gross rent and share of college-educated residents
2.7 from the base year estimate to the current year estimate exceeded the rates of growth in the
2.8 comparison region; and

2.9 (3) the rate of growth in median gross rent was greater than zero.

2.10 (h) "Seven-county metropolitan area" means the counties of Anoka, Carver, Dakota,
2.11 Hennepin, Ramsey, Scott, and Washington.

2.12 Subd. 2. **Low-income housing aid.** Beginning with aids payable in calendar year 2020,
2.13 a county qualifies for low-income housing aid provided that the county has at least one
2.14 qualifying census tract located within its geographic boundaries. The amount of aid the
2.15 county receives in any calendar year is equal to the amount available for aid under subdivision
2.16 4, multiplied by the ratio of (1) the total population of all qualifying census tracts in the
2.17 county, to (2) the total population of all qualifying census tracts in the state. The
2.18 commissioner of revenue shall compute the amount of aid payable to each county under
2.19 this section and certify the amount to each county by August 1 of the year prior to the year
2.20 in which the aid is paid. Data used to calculate aid to counties under this section will be the
2.21 most recently available data as of July 1 of the year in which the aid is calculated.

2.22 Subd. 3. **Use of revenue; distribution within a county.** All aid paid under this section
2.23 shall be distributed with the first payment of county aids under section 477A.015. The aid
2.24 a county receives under this section must be used to make grants to cities, towns, economic
2.25 development districts, housing and redevelopment districts, or any other local special tax
2.26 district that (1) is located in whole or in part in a qualifying census tract in the district, and
2.27 (2) has authority to develop low-income housing within the qualified census tract. To the
2.28 extent practicable, the grants must be made to ensure that the share of the county aid going
2.29 to all local jurisdictions in a qualifying census tract is equal to the ratio of the population
2.30 in that census tract to the total population of all qualifying census tracts in the county. Money
2.31 distributed under this subdivision must be used to develop or redevelop affordable housing
2.32 within the qualified census tract. Allowable use of the funds include: gap financing, as
2.33 defined in section 462A.33, subdivision 1; new construction; acquisition, rehabilitation,

3.1 demolition, or removal of existing structures; construction financing; permanent financing;
3.2 interest rate reduction; and refinancing.

3.3 Subd. 4. **Appropriation.** \$25,000,000 is appropriated annually from the general fund
3.4 to the commissioner of revenue to pay aid under this section.

3.5 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020
3.6 and thereafter.