

**116J.549 WORKFORCE HOUSING DEVELOPMENT PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of employment and economic development shall establish a workforce housing development program to award grants to eligible project areas to be used for qualified expenditures.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Eligible project area" means a home rule charter or statutory city located outside of the metropolitan area as defined in section 473.12, subdivision 2, with a population exceeding 500; a community that has a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city located outside the metropolitan area as defined in section 473.12, subdivision 2; or an area served by a joint county-city economic development authority.

(c) "Joint county-city economic development authority" means an economic development authority formed under Laws 1988, chapter 516, section 1, as a joint partnership between a city and county and excluding those established by the county only.

(d) "Market rate residential rental properties" means properties that are rented at market value, including new modular homes, new manufactured homes, and new manufactured homes on leased land or in a manufactured home park, and excludes:

(1) properties constructed with financial assistance requiring the property to be occupied by residents that meet income limits under federal or state law of initial occupancy; and

(2) properties constructed with federal, state, or local flood recovery assistance, regardless of whether that assistance imposed income limits as a condition of receiving assistance.

(e) "Qualified expenditure" means expenditures for market rate residential rental properties including acquisition of property; construction of improvements; and provisions of loans or subsidies, grants, interest rate subsidies, public infrastructure, and related financing costs.

Subd. 3. **Application.** The commissioner shall develop forms and procedures for soliciting and reviewing application for grants under this section. At a minimum, a city must include in its application a resolution of its governing body certifying that the matching amount as required under this section is available and committed.

Subd. 4. **Program requirements.** (a) The commissioner must not award a grant to an eligible project area under this section until the following determinations are made:

(1) the average vacancy rate for rental housing located in the eligible project area, and in any other city located within 15 miles or less of the boundaries of the area, has been five percent or less for at least the prior two-year period;

(2) one or more businesses located in the eligible project area, or within 25 miles of the area, that employs a minimum of 20 full-time equivalent employees in aggregate have provided a written statement to the eligible project area indicating that the lack of available rental housing has impeded their ability to recruit and hire employees; and

(3) the eligible project area has certified that the grants will be used for qualified expenditures for the development of rental housing to serve employees of businesses located in the eligible project area or surrounding area.

(b) Preference for grants awarded under this section shall be given to eligible project areas with less than 18,000 people.

Subd. 5. **Allocation.** The amount of a grant may not exceed 25 percent of the rental housing development project cost. The commissioner shall not award a grant to a city without certification by the city that the amount of the grant shall be matched by a local unit of government, business, or nonprofit organization with \$1 for every \$2 provided in grant funds.

Subd. 6. **Report.** Beginning January 15, 2016, the commissioner must annually submit a report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over taxes and workforce development specifying the projects that received grants under this section and the specific purposes for which the grant funds were used.

**History:** *1Sp2015 c 1 art 2 s 2*