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2023 Legislative Session Summary

Summarizes the omnibus housing finance and policy bill, Chapter 37 (HF 2335/SF 2566)

2023 Legislative Session Summary

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Article 1 Appropriations

Article 1 includes general fund appropriations to programs administered by Minnesota Housing.

Challenge Program

Sec. 2, subd. 2. Appropriates $60.425M in FY24 & $60.425M in FY25. The base appropriation in FY26 and each year beyond is $12.925M. Establishes the following set asides: 1) $6.425M each year is made available for the first 11 months exclusively for housing projects for American Indians (par. b); 2)$5M in FY24 is made available to Urban Homeworks to expand deeply affordable homeownership in Minneapolis neighborhoods with over 40% of residents identifying as Black, Indigenous, or People of Color (BIPOC) and at least 40% of residents making less than 50% of the area median income (AMI). Funds must be used to acquire, rehabilitate, and construct homes to be sold to households with incomes of 50-60% AMI (par. c); and 3) $2M one-time is earmarked for the Rondo Community Land Trust (par. d).

Workforce Housing Development

Sec. 2, subd. 3. Appropriates $19.5M in FY24 & $19.5M in FY25. Allows Minnesota Housing Finance Agency (Minnesota Housing) to fund projects with a portion of income and rent restricted units and enables the agency to award funds to properties that include owner-occupied homes (par. a). The base appropriation in FY26 and beyond is $2M.

Manufactured Home Park Infrastructure Grant and Loans

Sec. 2, subd. 4. Appropriates $16M in FY24 & $1M in FY25. The base appropriation for this program in FY26 and beyond is $1M.

Workforce Homeownership Program

Sec. 2, subd. 5. Appropriates $20.25M in FY24 & $250,000 in FY25. The base appropriation in FY26 and beyond is $250,000.

Housing Trust Fund

Sec. 2, subd. 6. Appropriates $11.646M in FY24 & $11.646 in FY25.

Homework Starts with Home

Sec. 2, subd. 7. Appropriates $2.750M in FY24 & $2.750M in FY25.

Rental Assistance for Mentally Ill

Sec. 2, subd. 8. Appropriates $5.338M in FY24 & $5.338M in FY25. Requires Minnesota Housing to prioritize proposals that target, in part, eligible persons who desire to move to more integrated settings (par. a). Authorizes Minnesota Housing to use a part of the appropriation for risk mitigation funds, landlord incentives, or other costs necessary to decrease the risk of homelessness (par. b). The base appropriation for this program in FY26 and beyond is $5.338M.

Family Homeless Prevention

Sec. 2, subd. 9. Appropriates $55.269M in FY24 & $10.269M in FY25. Requires Minnesota Housing to award up to $1M in grants in FY24 to eligible applicants to create or expand risk mitigation programs to reduce landlord financial risks for renting to persons eligible for the Family Homeless Prevention and Assistance Program (FHPAP). Eligible programs may use funds for administrative costs, outreach and coordination staff, and to reimburse landlords for the cost of nonpayment of rent or damage above the costs covered by the security deposit. The agency may give priority to applicants that secure matching funds from a local unit of government, business, or nonprofit organization. This appropriation is onetime (par. b). For FY24 & FY25, allows qualified families to receive more than 24 months of rental assistance (par. c). Authorizes Minnesota Housing to grant funds to entities other than counties in the metropolitan area if the agency determines that the metropolitan area needs additional resources (par. d). Enables new grantees to work with a local continuum of care or a local advisory committee. New grantees that work with a local continuum of care may waive certain project requirements (par. e). Sets aside $10M to be allocated to federally recognized American Indian Tribes (par. f). Sets aside $2.4M in FY24 for a grant to Neighbored House (par. g). The base for this program in FY26 and beyond is $10.269M.

Home Ownership Assistance Fund

Sec. 2, subd. 10. Appropriates $50.885M in FY24 & $885,000 in FY25. Dispenses funds into the housing development fund's Homeownership Assistance Fund program. Directs Minnesota Housing to strengthen its efforts to address Minnesota's racial homeowner disparity gap. Requires Minnesota Housing to collect, on a voluntary basis, demographic information of applicants for agency programs intended to benefit homeowners and homebuyers (par. a). The base appropriation in FY26 and beyond is $855,000.

Affordable Rental Investment Fund

Sec. 2, subd. 11. Appropriates $4.218M in FY24 & $4.218M in FY25. Directs funds to create the housing development fund's Family Rental Housing Funds. These funds are to finance, acquire, rehabilitate, and restructure debt of federally assisted rental property and for making equity take-out loans (par. a). Requires owners of federally assisted rental property to continue participating in the program and extend any existing low-income affordability restrictions for the maximum term permitted (par. b). Enables funds to be used to acquire, rehabilitate, and restructure debt of existing supportive housing properties and naturally occurring affordable housing (par. c).

Owner Occupied Housing Rehabilitation

Sec. 2, subd. 12. Appropriates $2.772M in FY24 & $2.772M in FY25. Directs funds to be used for the rehabilitation of owner-occupied housing under the housing development fund (par. a). Allows Minnesota Housing to make grants and loans without rent or income restrictions (par. b).

Rental Housing Rehabilitation

Sec. 2, subd. 13. Appropriates $3.743M in FY24 & $3.743M in FY25. Directs funds to rehabilitation loan funds in the housing development fund. Authorizes Minnesota Housing to apply the processes and priorities adopted to administer the economic development and housing challenge program for rental housing (par. a). Clarifies that grants or loans may be made without rent or income restrictions of owners or tenants (par. b).

Homeownership Education, Counseling and Training

Sec. 2, subd. 14. Appropriates $1.857M in FY24 & $1.857 in FY25. The base for this program in FY26 and beyond is $857,000

Capacity-Building Grants

Sec. 2, subd. 15. Appropriates $3.145M in FY24 & $3.145M in FY25. Directs funds to the housing development fund's Capacity Building Program grants. Sets aside $170,000 in FY24 to Open Access Connections (par. a). Directs $445,000 in FY24 to the Community Stabilization Project to: 1) deliver services and curriculum to renters and property owners to preserve deeply affordable rental units; 2) help create entry-level employment opportunities for renters; and (3) construct a secure space for documents and identification for those experiencing homelessness (par. b). The base for this program in FY26 and beyond is $645,000.

Build Wealth Minnesota

Sec. 2, subd. 16. Appropriates $5.5M in FY24 & $500,000 in FY25. Sets aside $500,000 for the family stabilization services plan (par. a). Sets aside $5M in the first year for the 9,000 Equities Fund loan pool to provide first mortgages or equivalent financing to households from underserved communities of color who are struggling to access mortgages. Up to $1M may be used for the Stairstep Foundation to support completion of the Family Stabilization Services Plan program (par. b).

Housing Infrastructure

Sec. 2, subd. 17. Appropriates $100M in FY24 & $100M in FY25. Appropriates cash to the Housing Infrastructure Bond program and requires funds to be allocated to eligible projects under the housing infrastructure bond statute (Minnesota Statutes, sec. 462A.37, subd. 2).

Supportive Housing

Sec. 2, subd. 18. Appropriates $25M in FY24 direct funds to a new program established under Minnesota Statutes, sec. 462A.42. See Article 2 summary.

First-Generation Homebuyers Down Payment Assistance

Sec. 2, subd. 19. Appropriates $50M in FY24. Directs funds to a new program established under Minnesota Statutes, sec. 462A.41). See Article 2 summary.

Community-Based First-Generation Homebuyers Down Payment Assistance

Sec. 2, subd. 20. Appropriates $100M in FY24. Directs Minnesota Housing to grant funds to Midwest Minnesota Community Development Corporation (MMCDC). Authorizes MMCDC to act as the program administrator. After three years from the start of the program, MMCDC shall remit any unused funds to Minnesota Housing. Requires Minnesota Housing to use any remitted funds for the administration of the First-Generation Homebuyers Down Payment Assistance Fund.

Local Housing Trust Fund Grants

Sec. 2, subd. 21. Appropriates $4.8M in FY24. Directs funds to the local housing trust funds program (Minnesota Statutes, sec. 462C.16) (par. a). Makes grantees eligible to receive a grant amount equal to 100 percent of the public revenue committed to the local housing trust fund from any source other than the state or federal government, up to $150,000, and in addition, an amount equal to 50 percent of the public revenue committed that is more than $150,000 but not more than $300,000 (par. b). Requires grantees to use grant funds within eight years of the receipt for uses authorized in Minnesota Statutes, sec. 462C.16, subd. 3 and benefiting households with incomes at or below 115 percent of the state median income. Minnesota Housing shall deposit remitted funds into the housing development fund (par. c).

Greater Minnesota Housing Infrastructure Grant Program

Sec. 2, subd. 22. Appropriates $5M in FY 24.

Stable Rental Housing Mediation

Sec. 2, subd. 23. Appropriates $3M in FY 24. Directs grant funds to Community Mediation Minnesota to administer a statewide housing mediation program to support renters and residential rental property owners (par. a). Requires funds be used to: 1) provide housing dispute services; 2) increase awareness of and access to housing dispute resolution services; 3) provide alternative dispute resolution services; 4) partner with culturally specific dispute resolution programs to provide trainings and assist with mediation services; 5) increase mediation services for seniors and renters with disabilities and illnesses that face housing instability; 6) increase the diversity and cultural competency of the housing mediator roster; 7) integrate housing mediation services with navigation and resource connection services, legal assistance, and court services programs; 8) develop and administer evaluation tools to design, modify, and replicate effective program outcomes; and 9) provide administrative expenses (par. b).

Manufactured Home Park Cooperative Purchase

Sec. 2, subd. 24. Appropriates $10M in FY24. Requires Minnesota Housing to grant funds to Northcountry Cooperative Foundation and its controlled affiliated entities to make loans (par. a). Allows funds to be used for a revolving fund under the manufactured home park loans program (Minnesota Statutes, sec. 462A.05, subd. 35) for the purposes of converting manufactured home parks to cooperative ownership (par. b). Requires funds to be used to create and preserve housing that is affordable to households with incomes at or below 80 percent of the greater of state or area median income (par. c). Requires a 30 year covenant requiring that the land be used as a manufactured home park (par. d). Encourages Minnesota Housing to establish a mortgage program to help facilitate the program (par. e). Defines “manufactured home” in accordance with Minnesota Statutes, sec. 327B.01, subd. 13. Defines “manufactured home park” as the meaning given in Minnesota Statutes, sec. 327.14, subd. 3. (par. f).

Manufactured Home Lending Grants

Sec. 2, subd. 25. Appropriates $10M in FY 24.

Lead Safe Home Grant Program

Sec. 2, subd. 26. Appropriates $4M in FY24.

High-Rise Sprinkler System Grant

Sec. 2, subd. 27. Appropriates $10M in FY24. Directs $4M, in the form of a grant, to CommonBond Communities to install a sprinkler system at Seward Tower West located at 2515 South 9th Street in Minneapolis and Seward Tower East located at 2910 East Franklin Avenue in Minneapolis.

First-Time Homebuyer, Fee-Based Home Purchasing Financing

Sec. 2, subd. 28. Appropriates $10M in FY24. Allows grantees to provide services under the grant contract any time up until June 30, 2026.

Community Stabilization

Sec. 2, subd. 29. Appropriates $45M in FY24 & $45M in FY25. Sets aside a $10M grant to AEON for Huntington Place.

Rent Assistance Program

Sec. 2, subd. 30. Appropriates $46M in FY24. Funds the rent assistance program established in Minnesota Statutes, sec. 462A.2095/Chapter 37, Article 4, sec. 5 (par. a). The base budget in FY26 and beyond is $23M (par. b).

Homeownership Investment Grant Program

Sec. 2, subd. 31. Appropriates $40M in FY24.

Management and Budget

Sec. 3. Appropriates $200,000 in FY24 to Minnesota Management and Budget (MMB) to fund a study on expediting rental assistance payments. Stipulates Management Analysis and Development conduct the study.

Northland Foundation

Sec. 2, subd. 32. Appropriates $1M in FY24. Directs funds to Northland Foundation. Requires funds be used to assist local governments establishing local or regional housing trust funds. Funds may also be used on authorized expenditures established by the Housing Trust Funds for Local Housing Development statute (Minnesota Statutes, sec. 462C.16, subd. 3) Authorizes Northland Foundation to award grants and loans to other entities. Funds are available until June 30, 2025.

Stable Housing Organization Relief

Sec. 2, subd. 33. Appropriates $50M in FY24.

Public Housing Rehabilitation

Sec. 2, subd. 34. Sets aside $10M to finance the cost or rehabilitation to preserve public housing. Defines "public housing" in this section as: 1) housing for low-income persons and households and, 2) housing that is financed by the federal government and publicly owned or housing that has been repositioned under the federal Rental Assistance Demonstration or similar program. Allows Minnesota Housing to give priority to proposals that maximize nonstate resources to finance the capital costs, requests prioritization of long-term affordability, and requests prioritization of health, safety, and energy improvements (par. a). Sets aside $5M as a grant to the Minneapolis Public Housing Authority for the City of Minneapolis and its affiliated entities, including but not limited to Community Housing Resources, to rehabilitate, preserve, equip, and repair its deeply affordable housing units (par. b).

Availability and Transfer of Funds

Sec. 2, subd. 35. Allows money appropriated in the FY24 to be available in FY25. Minnesota Housing may shift or transfer money in FY25 between the Challenge Program, Workforce Housing Development, Manufactured Home Park Infrastructure Grants and Loans, Workforce Homeownership Program, Affordable Rental Investment Fund, Owner-Occupied Housing Rehabilitation, and Rental Housing Rehabilitation to address high-priority housing needs. Minnesota Housing may also shift money between the Home Ownership Assistance Fund and First-Generation Homebuyer Down Payment Assistance after FY24.

2023 Legislative Session Summary

Article 2 Housing Grant Programs

Article 2 establishes specifications for new housing grant programs that will be administered by Minnesota Housing.

Rent Assistance Program

Sec. 1 & 2. Amends the Specific Powers of Minnesota Housing (Minnesota Statutes 2022, sec. 462A.05) to establish a rent assistance program (subd. 42) and administer it under newly established 462A.2095.

Sec. 1, subd. 1. **Establishment:** Establishes the state rent assistance program as a separate account in the housing development fund. Money deposited in the account (under section 297A.9925) is for grants to program administrators in the seven-county metropolitan area.

Sec 1, subd. 2. **Definitions:** Defines eligible household as a household with an annual income of up to 50 percent of the area median income and that is paying more than 30 percent of the household's income on rent. Stipulates eligibility is determined at the time a household first receives rent assistance. Requires eligibility to be recertified every year after. Excludes households already receiving federal tenant-based or project-based assistance under Section 8.

Defines program administrator as 1) a housing and redevelopment authority (HRA) or other local agency or authority that administers federal rental assistance or 2) a Tribal government or Tribally-designated housing authority. Allows nongovernmental organizations selected by Minnesota Housing to be eligible if there is no entity under clause 1 or 2.

Sec 1. subd. 3. **Grants to Administrators:** Grants Minnesota Housing authorization to award program funds as grants to program administrators. Requires program administrators to pay assistance directly to housing providers/landlords. Allows assistance to be provided in the form of tenant-based assistance or project-based assistance. Excluding funds awarded to the seven-county metropolitan area in subd. 1, par. b, Minnesota Housing must make grants statewide. Requires Minnesota Housing to determine awards based on the proportion of households eligible for assistance in each county.

Sec. 1, subd. 4. **Rent Assistance:** Sets rental assistance amounts as equal to the difference between 30 percent of household income and the rent charged, plus an allowance for utilities if not included in rent. Restricts administrators from paying more than 120 percent of the payment standard, plus utilities, established by the local public housing authority.

Sec. 1, subd. 5. **Administrative Fees:** Requires Minnesota Housing to consult with public housing authorities to set administrative fees.

Sec. 1, subd. 6. **Assistance Not Income:** Stipulates rental assistance through this program is not considered income, assets, or personal property for the purpose of determining eligibility or recertifying eligibility for state public assistance.

Sec. 1, subd. 7. **Federal Compliance:** Allows Minnesota Housing to require program administrators to comply with Federal Project-based Voucher and tenant-based voucher rules (Code of Federal Regulations, title 24, parts 982 and 983).

First-Generation Homebuyers Down Payment Assistance Fund

Sec. 3, subd. 1. **Establishment:** Establishes the first-generation homebuyer down payment assistance fund. Requires Minnesota Housing to target assistance to eligible first-generation homebuyer households. Authorizes Minnesota Housing to partner with community organizations to deliver assistance.

Sec 3. subd. 2. **Definitions:** Defines eligible first-generation homebuyer as an individual: 1) whose household income is at or below the greater of state or area median income; 2) who is a first-time buyer as defined by Minnesota Housing; 3) who has never owned a home or owned a home but lost it due to foreclosure and who has a parent or prior legal guardian who does not currently own a home and had never previously owned a home or had previously owned a home but lost it due to foreclosure; 4) who completes an approved homebuyer education course; *and* 5) who plans to use the home as a primary residence.

Requires the homebuyer to purchase the home within the maximum loan amount established by the Federal Housing Administration for the county in which the home is located. Makes a homebuyer contribute a minimum of $1,000 toward down payment and closing costs.

Sec. 3. subd. 3. **Eligible Uses:** Allows Minnesota Housing to make a forgivable loan, a deferred loan, or a combination of both. Stipulates that homebuyers may use the funds to purchase a one- to four-unit home, including manufactured homes. Limits assistance to the greater of ten percent of the purchase price of a home or $35,000 per eligible household. Authorizes Minnesota Housing to adjust assistance amounts over time to respond to market conditions. Restricts the use of funds to closing costs, down payment, mortgage insurance, interest rate buy-down, and principal reduction. Permits eligible households to combine assistance with other homebuyer assistance. Requires assistance to be used in conjunction with a conforming first mortgage loan that is fully amortizing and meets the stands of a qualified mortgage as determined by Minnesota Housing.

Sec. 3, subd. 4. **Recapture/Repayment:** Requires households to repay loans if the property converts to nonowner occupied, is sold within the loan period, is subjected to ineligible refinance, is subjected to an unauthorized transfer of title, or reasons stated in the loan documents. Permits Minnesota Housing to waive recapture in the event of financial or personal hardship.

Sec. 3, subd. 5. **Administration:** Designates Minnesota Housing as the administering agency. Requires funds be made available statewide. Allows partners to use an agency approved percentage of funds for administrative fees.

Supportive Housing Program

Sec. 4, subd. 1. **Establishment:** Establishes a supportive housing program to strengthen supportive housing for individuals and families who have experienced homelessness. Aligns funding for supportive housing with development financing.

Sec. 4, subd. 2. **Definitions:** Defines “supportive housing” as housing that: 1) is not time-limited; and 2) provides or coordinates services to help residents maintain housing stability and maximize education and employment opportunities.

Sec 4, subd. 3. **Eligible Recipients**: Authorizes Minnesota Housing to fund local units of government, federally recognized American Indian Tribes or their Tribally Designated Housing Entity, a private developer, or a nonprofit organization.

Sec. 4, subd. 4. **Eligible Uses:** Requires funds be used to cover the costs of providing supportive housing. Allows funds to be capitalized as part of development costs. Permits Minnesota Housing to use funds on new and existing housing. Authorizes Minnesota Housing to partner with the health care sector and other sectors to improve access to health care and reduce the use of emergency and institutional care.

Sec. 4, subd. 5. **Stakeholder Consultation:** Requires Minnesota Housing to consult with stakeholders to develop program guidelines and procedures.

Dustin Luke Shields Act (Lead Safe Homes Grant Program)

Sec. 5, subd. 1. **Establishment:** Establishes a grant program to make homes safer by providing lead testing and reducing exposure to lead.

Sec. 5, subd. 2. **Eligible Projects:** Allows Minnesota Housing to award grants to projects that: 1) provide lead risk assessments in properties built before 1978; 2) remediate lead health hazards; *and* 3) serve low-income households. Stipulates that for multifamily rental properties, at least 50 percent of the tenants must have an income at or below 60 percent of the area median income.

Directs Minnesota Housing to prioritize projects that serve areas where there are high concentrations of lead poisoning in children. Requires grants fund projects within and outside the metropolitan counties. Allows up to ten percent of grant award funds to be used for administrative costs or fund education and outreach initiatives.

Sec. 5, subd. 3. **Eligible Grantees:** Stipulates that nonprofit organizations and local units of government may apply for funds.

Sec. 5, subd. 4. **Title:** Names this section the "Dustin Luke Shields Act."

Community Stabilization Program

Sec. 6, subd. 1. **Establishment:** Establishes a grant/loan program to preserve naturally occurring affordable housing.

Sec. 6, subd. 2. **Definitions:** Defines naturally occurring affordable multiunit rental housing as: 1) being at least 20 years old; 2) properties in which most units' rents are affordable to households at or below the greater of 60 percent of area or state median income; *and* 3) has no federal or state financing or tax credit that require income or rent restrictions, except for public housing.

Defines naturally occurring affordable owner-occupied housing as housing that is located in communities where market conditions create opportunities for the displacement or the loss of owner-occupied housing affordable to households at or below the greater of 115 percent area or state median income.

Sec. 6, subd. 3. **Eligible Recipients Authorizes Minnesota Housing to give grants or loans to:** 1) a local unit of government; 2) a federally recognized American Indian Tribe or its Tribally Designated Housing Entity; 3) a private developer; 4) a limited equity cooperative; 5) a cooperative created under the Minnesota Cooperative Law and Minnesota Cooperative Association Act; 6) a community land trust created for the purpose of holding and leasing land to preserve the affordability of housing on that land for low- and moderate-income households; *or* 7) a nonprofit organization. Allows Minnesota Housing to make grants available to statewide intermediaries.

Sec. 6, subd. 4. **Eligible Uses:** Stipulates grants or loans must finance the acquisition, rehabilitation, interest rate reduction, or gap financing of housing to support the preservation of naturally occurring affordable housing. Directs Minnesota Housing to prioritize funding to projects that serve lower-income households and maintain longer periods of affordability.

Sec. 6, subd. 5. **Owner-occupied Housing Income Limits:** Restricts funding to owner-occupied housing that serves households with incomes at or below the greater of 115 percent state or area median income. Specifies income is determined at the time of initial occupancy.

Sec. 6, subd. 6. **Multihousing Rent Limits:** Restricts funding to multifamily housing that is affordable to low-income or moderate-income households. Authorizes Minnesota Housing to define low- and moderate-income.

Sec. 6, subd. 7. **Application:** Requires Minnesota Housing to develop forms and procedures in consultation with interested stakeholders. Allows Minnesota Housing to accept applications on a noncompetitive, rolling basis.

Sec. 6, subd. 8. **Rent Assistance Requirements:** Requires rental properties to accept rental subsidies.

Greater Minnesota Housing Infrastructure Grant Program

Sec. 7, subd. 1. **Establishment:** Establishes a program and grants Minnesota Housing authority to make infrastructure grants. Grants may provide up to 50 percent of the capital costs of public infrastructure necessary to develop an eligible workforce housing project. Requires Minnesota Housing to grant awards to projects with nonstate resources. Includes cash, grant funds, and in-kind contributions like the site, as nonstate resources.

Sec. 7, subd. 2. **Definitions:** Defines eligible "city" as cities and home rule charters outside of the metropolitan area (as defined in Minnesota Statutes, sec. 473.121, subd. 2). Defines "housing infrastructure" as publicly owned physical infrastructure supporting housing development.

Sec. 7, subd. 3. **Eligible Projects**: Makes single-family and multifamily development eligible for grants. Allows projects to be either owner-occupied or rental.

Sec. 7, subd. 4. **Application:** Requires cities to include, as part of an application, a resolution from the city council certifying that the required state match is available. Instructs Minnesota Housing to evaluate projects based on: 1) the funds are required to increase housing development that provides adequate housing stock for the current or future workforce; and 2) the resulting increase in workforce housing will have positive economic impact. Makes clear that Minnesota Housing has discretion to determine grant awards.

Sec. 7, subd. 5. **Maximum Grant Amount:** Caps the amount of funds a city can receive at $30,000 per lot of single-family, duplex, triplex, or fourplex housing developed. Caps grant amounts to $180,000 per lot for a multihousing project. Limits cities from receiving more than $500,000 in two years for one or more projects.

Stable Housing Organization Relief Program

Sec. 8, subd. 1. **Establishment:** Establishes a grant program to support nonprofits that are experiencing significant detrimental financial impacts due to recent economic and social conditions. Requires Minnesota Housing to administer the program.

Sec. 8, subd. 2. **Definitions:** Defines "eligible organization" as: 1) nonprofit with tax exempt status that has operated in the state for at least ten years; 2) having primary operations located in Minnesota; 3) experiencing financial strain due to recent economic and social conditions; 4) providing supportive services in the rental housing it provides to low-income households; 5) providing, as of December 31, 2022, housing units in Minnesota that it owns or controls consisting of, at least, one of the following: (i) 1,000 units of naturally occurring multiunit rental affordable housing. Defines this housing as housing that has not received financing from the federal low-income housing tax credit program and does not receive project or placed-based rental subsidies from the federal government; (ii) 50 percent of the total number of non-naturally occurring affordable housing units are available to households with incomes at or below 30 percent of area median income; or (iii) 250 units of permanent supportive housing.

Sec. 8, subd. 3. Grant program: Stipulates an organization must provide information on: 1) its eligibility based on subd. 2; 2) the total number of rental housing units it owns or controls in Minnesota; 3) significant determined financial impacts due to recent economic and social conditions. Sets the grant amount to an eligible organization as equal to the number of certified units owned or controlled in Minnesota by the eligible organization, divided by the total number of units certified by all eligible organizations, multiplied by the total amount of appropriation for this grant program.

Sets the grant amount to an eligible organization as equal to:

(# of certified units owned or controlled by an eligible organization in MN/total # units certified by all eligible organizations) x (total appropriation amount)

Limits grants to an eligible organization at no more than $4,000 per certified unit. Requires the per-unit amount of the grant be calculated based on the total number of units each eligible organization owns or controls in the state and is not limited to the number of units that quality it as an eligible organization.

Requires grantees to use funds to improve or maintain the housing stability of tenants. Stipulates funds can be spent on: 1) Property maintenance, improvements, and security; 2) Providing services, including services and programs that promote economic and social mobility; 3) Efforts to attract and retain employees that support tenants and assist in providing services; or 4) Forgiveness of all or a portion of rent balances owed by former or current tenants.

Permits Minnesota Housing to approve additional uses of the funds so long as the use of funds benefits tenants' housing stability.

Sec. 8, subd. 4. **Reporting:** Requires grantees to submit a report to Minnesota Housing by September 30, 2024 and to each chair and ranking minority members of the housing committee by January 15, 2025.

Community-Based First-Generation Homebuyers Assistance Program

Sec. 9, subd. 1. **Establishment:** Creates a pilot community-based first-generation homebuyers down payment assistance program and appoints Midwest Minnesota Community Development Corporation (MMCDC) as the program administrator. Instructs MMCDC to provide targeted assistance to eligible households.

Sec. 9, subd. 2. **Definitions:** Defines eligible households as those: 1) with incomes at or below 100 percent of the area median income; *and* 2) that include at least one adult member who: (i) is preapproved for a first mortgage loan; (ii) who either never owned a home or who lost a home due to foreclosure; and (iii) whose parent or prior legal guardian never owned a home or lost one due to foreclosure. Requires one adult household member meeting the eligibility criteria to complete an approved homebuyer education course. Stipulates that homebuyers must occupy the home as their primary residence.

Sec. 9, subd. 3. **Use of Funds:** Limits assistance to ten percent of the purchase price for a one- or two-unit home. Assistance may not exceed $32,000. Enables MMCDC to reserve funds for eligible households at the time of preapproval. Assistance must be provided in the form of a loan that is forgivable at a rate of 20 percent per year. If the property converts to nonowner occupancy, is sold, is subjected to ineligible refinance, is subjected to an unauthorized transfer of title, or is subjected to foreclosure action within the five-year loan term, recipients must pay back the prorated balance. Allows funds to be used for closing costs, down payment, or principal reduction. Permits households to select any first mortgage lender or broker of their choice. Requires assistance to be used in conjunction with a conforming first mortgage loan that is fully amortizing and meets federal standards of a qualified mortgage. Permits recipients to use funds from this program in conjunction with other programs.

Sec. 9, subd. 4. **Administration:** Requires funds be awarded statewide. Authorizes MMCDC to originate and serve funds to other authorized community development financial institutions, Tribal entities, and nonprofit organizations administering down payment assistance. Caps administrative costs at $3,200 per loan.

Sec. 9, subd. 5. **Reporting:** Requires MMCDC to report to the chairs and ranking minority members of the housing committee by January 15 each year.

High-Rise Sprinkler System Grant Program

Sec. 10, subd. 1. **Definitions:** Defines, for the purposes of this program, "eligible building" to mean an existing residential building that: 1) has individuals living in units higher than 75 feet or more above the lowest level of fire department vehicle access; and 2) at least two-thirds of the units are affordable to households with incomes at or below 50 percent of area median income and paying no more than 30 percent of their income on rent. Defines sprinkler system to mean "fire protection system" as defined in Minnesota Statutes, sec. 299M.01.

Sec. 10, subd. 2. **Grant Program:** Requires Minnesota Housing to make grants to owners of eligible buildings to install sprinkler systems. Funds may be used to relocate residents during installation. Restricts the maximum grant per eligible building to $2M. Requires grant recipients that are nonprofits to secure a 25 percent match. Requires for-profit grant recipients to provide a 50 percent match.

Homeownership Investment Grant Program

Sec. 11, subd. 1. **Definitions:** Directs Minnesota Housing to establish and administer a program to support affordable homeownership.

Sec. 11, subd. 2. **Eligible Projects:** Authorizes Minnesota Housing to award grants to projects that invest in: 1) increasing the supply of affordable owner-occupied homes through development; 2) financing new affordable owner-occupied home construction; 3) preserving owner-occupied homes and making them affordable; *or* 4) establishing revolving loan accounts at community development financial institutions.

Sec. 11, subd. 3. **Eligible Organizations:** Requires grant recipients to be nonprofit organizations that: 1) qualify for tax exempt status; 2) have primary operations in Minnesota; 3) are a certified community development financial institution; *and* 4) provide affordable housing lending or financing programs.

Sec. 11, subd. 4. **Commissioner Duties and Application:** Tasks Minnesota Housing with consulting with eligible organizations to develop forms, application materials, and reporting requirements. Requires applicants to include a plan to create new affordable home ownership and preserve existing homes for targeted areas as part of their application.

First-Time Homebuyer, Fee-Based Home Purchase Financing Program

Sec. 12, subd. 1. **Establishment:** Establishes a pilot project to provide first-time homebuyer, fee-based home purchasing financing. Appoints NeighborWorks Home Partners to administer the program.

Sec. 12, subd. 2. **Definitions:** Defines "eligible homebuyers" as an individual: 1) whose income is at or below 130 percent of area median income; 2) who resides in a census tract where at least 60 percent of occupied housing units are renter-occupied (based on the American Community Survey); 3) who is financing the purchase of an eligible property with an interest free, fee-based mortgage; *and* 4) who is a first-time homebuyer as defined by Federal regulations (Code of Federal Regulations, title 24, sec. 92.2)

Sec. 12, subd. 3. **Eligible Property:** Defines "eligible property" as residential real property that is a condominium, townhouse, single-family home, manufactured home titled as real property, or another building containing no more than four dwelling units. Eligible properties include those with a ground lease with a community land trust, property on Indian Trust Land, or property participating in a shared equity homeownership program.

Sec. 12, subd. 4. **Eligible Uses:** Directs NeighborWorks Home Partners to use funds to provide forgivable grants of down payment assistance. Grants may be in the amount of up to 30 percent of an eligible property's negotiated sale price. Requires NeighborWorks to consider the circumstances, terms, and conditions under

which all or a portion of the grant will be repaid. Instructs Minnesota Housing to ensure statewide distribution of awards. Limits administrative fees for operating the program to not exceed five percent of the total appropriation. Allows homebuyers to use the program's funds in conjunction with other funding programs.

Sec. 12, subd. 5. **Conditions of Grantees**: Requires homebuyers to: 1) complete an approved homebuyer education course; 2) complete an approved landlord education course (if the property contains units that will be rented); 3) contribute $1,000 to down payment or closing costs; *and* 4) occupy the purchased property as the buyer's primary residence.

Authorizes NeighborWorks Home Partners to establish additional requirements of homebuyers to ensure buyers comply with the above listed requirements.

Sec. 12, subd. 6. **Reports:** Requires NeighborWorks Home Partners to report to the chairs and ranking minority members of the housing committee by January 15 and July 15 of each year.

Manufactured Home Lending Grants

Sec. 13, subd. 1. **Establishment:** Instructs Minnesota Housing to award grants to an organization for the purpose of providing lending services for manufactured homes.

Sec. 13, subd. 2. **Eligible Services:** Stipulates grants may be awarded to organizations that provide at least one of the following: 1) new manufactured home financing programs; 2) manufactured home down payment assistance; *or* 3) manufactured home repair, renovation, removal, and site preparation financing programs.

Sec. 13, subd. 3. **Eligible Organization:** Defines an eligible organization as a nonprofit that: 1) qualifies for tax exempt status; 2) has primary operations located in Minnesota; 3) is a qualified nonprofit lender or a certified community development financial institution; *and* 4) serves a low-income resident-owned, cooperatively-owned, nonprofit-owned, or municipally-owned manufactured home park community.

Sec. 13, subd. 4. **Commissioner Duties:** Instructs Minnesota Housing to consult with manufactured housing cooperatives, resident-owned manufactured home communities, and nonprofit organizations working with cooperatives and resident-owned communities to develop forms, applications, and reporting requirements.

Sec. 13, subd. 5. **Loan Repayment and Interest:** Requires interest earned and principal repayments from loans issued under this section to be used for the purposes of this section.

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Article 4 Eligibility & Uses

Article 4 sets forth technical and policy changes for existing programs administered by Minnesota.

Rehabilitation Loans for Accessory Dwelling Units

Sec. 1. Amends the rehabilitation loan program authority granted to Minnesota Housing under specific powers of the housing finance agency (sec. 462A.05, subd. 14,). Makes the addition or rehabilitation of a detached accessory dwelling unit an eligible use/activity of agency rehabilitation loans.

Housing Disparities

Sec. 2. Amends the specific powers of the agency (sec. 462A.05) to include "Subd. 24 Housing Disparities." Requires Minnesota Housing to prioritize the use of appropriations to serve households most affected by housing disparities.

Special Purpose Credit Program

Sec. 3. Amends the specific powers of the agency (sec. 462A.05) to include "Subd. 43. Special purpose credit program." Permits Minnesota Housing to establish special purpose credit programs to address the effects of historic and current discrimination. Grants Minnesota Housing flexibility in determining remedies

Indian Tribes

Sec. 4. Amends the specific powers of the agency (sec. 462A.05) to include "Subd. 44. Indian Tribes." Authorizes Minnesota Housing to make any federally recognized Indian Tribe in Minnesota, or their associated Tribally Designated Housing Entities (TDHE), eligible for program funding.

Translation Services

Sec. 5. Amends the additional powers and duties of the agency (462A.07). Requires Minnesota Housing to provide meaningful access to agency programs and services to individuals who have limited English proficiency.

Manufactured Home Park Infrastructure Grants and Loans

Sec. 6. Amends the manufactured home park redevelopment program (462A.2035, Subd. 1b). Allows Minnesota Housing to provide awards in the form of loans or grants.

Family Homeless Prevention and Assistance Program Set Aside

Sec. 7. Amends the Family Homeless Prevention and Assistance Program set asides (462A.204, Subd. 3.). Eliminates the requirement that a community-based nonprofit organization applying for and receiving a grant have a sponsoring resolution from each of the county boards of the counties located within its operating jurisdiction. Enacts this section immediately.

Capacity Building Grants

Sec. 8. Amends the housing development fund's capacity building grants statute (462A.21, Subd. 3b). Makes clear that grants supporting implementation strategies are not limited to the prescribed strategies. Requires the agency to now adopt policies and procedures, in addition to rules, specifying the eligible uses of grant money. Permits instead of requires Minnesota Housing to prioritize funding to applicants that include low-income persons in their membership, have provided housing-related services to low-income people, and demonstrate a local commitment of local resources. Eliminates the requirement that grants made under this subdivision can only be made with money specifically appropriated by the legislature.

Challenge Fund Eligible Recipients

Sec. 9. Amends eligible recipients of the economic development and housing challenge program (Challenge) (462A.33) to include a school district, a cooperative unit, and a charter school.

Grant Funding to Schools Permitted From Challenge Program

Sec. 10. Amends the Challenge program (462A.33) by adding "Subd. 9. Grant funding to schools." Allows Minnesota Housing to award grants less than $100,000 to a school district, a cooperative unit, or a charter school. Requires future occupants of new homes intended for owner occupancy to participate in the homeownership education counseling and training program under 462A.209.

Housing Infrastructure Bond Modifications; expand eligible projects to include deeply affordable homes

Sec. 11 and 12. Amends Minnesota State sec. 462A.37, subd. 2 to allow housing infrastructure bonds to finance the costs of construction, acquisition, and rehabilitation of permanent housing that is affordable to households with incomes at or below 50 percent of the area median income.

Requires the agency to give preference, among comparable proposals, to projects that will provide housing that is affordable to households at or below 30 percent of the area median income.

For new constructions or substantial rehabilitation projects with more than four units, requires loan recipients to include the greater of at least one unit or at least five percent of units that are accessible, and include the greater of at least one unit or at least five percent of units that are sensory-accessible units.

Workforce and Affordable Homeownership Development Program

Sec. 13. Amends the Workforce and Affordable Homeownership Development Program (462A.38, subd. 1) to add counties to the list of eligible awardees.

Workforce Housing Development Program Definitions

Sec. 14. Amends the definitions in the Workforce Housing Development Program (462A.39, subd. 2). Modifies "eligible project area" to mean "a metropolitan county" instead of "the metropolitan area." Adds federally recognized Tribal reservations as an eligible project area.

Workforce and Affordable Homeownership Development Allocation

Sec. 15. Amends the maximum grant or loan amount under the workforce and affordable homeownership development program (462A.39, subd. 5). Increases the maximum grant or loan amount to 50 percent of the development project costs. Creates parity between definitions in subd. 2. and subd. 5. to reference “an eligible project area” instead of a city and include federally recognized Tribes.

Affordable Rental Investment Fund

Sec. 16. Amends 2021 Chapter Law (Laws 2021, First Special Session chapter 8, article 1, section 3, subdivision 11). Adds replacement of federally assisted rental property as an eligible use of funds. The enactment date is retroactive to July 1, 2021.

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Article 5 Metropolitan Sales Tax & Housing Aid

Article 5 establishes criteria for local housing aid distributed to counties and cities and the .25% metropolitan sales tax for housing.

Metropolitan Sales Tax

Sec. 1, subd. 1. **Authorization and Scope:** Amends the Local Sales Taxes statutes (297A.99, subd. 1). Adds to a political subdivision's scope the ability to impose a general sales tax under a newly created Metropolitan Region Sales and Use Tax (297A.9925).

Sec. 2, subd. 1. **Definitions:** References Metropolitan Council statute (473.123) to define "Metropolitan Council" or "council." Aligns the definition of "Metropolitan county" with Metropolitan Area statute (473.121, subd. 4). References this section (297A.9925) to define "Metropolitan sales tax."

Sec. 2, subd. 2. **Sales Tax Imposition and Rate:** Requires the Metropolitan Council to impose a metropolitan sales and use tax. Sets the tax rate at .25 percent on retail sales. Limits imposition of the tax to sales conducted in the metropolitan counties or on sales shipped to the metropolitan counties.

Sec. 2, subd. 3. **Administration, Collection, Enforcement, and Distribution:** Aligns administration, collection, and enforcement of the sales tax with subdivision 4 and 6 through 12a of the Local Sales Tax statute (sec. 297A.99). Stipulates that proceeds of the sales are distributed as follows: 1) 25 percent to the newly created state rent assistance program (sec. 462A.2095); 2) 25 percent to the newly created metropolitan city aid account in the housing assistance fund (sec. 477A.37) 3) 50 percent to the newly created metropolitan county aid account in the housing assistance fund (sec. 477A.37)

Enacts the tax collection on sales and purchases made after October 1, 2023.

Local Affordable Housing Aid

Sec. 3, subd.1. **Purpose:** Describes the purpose of a local affordable housing aid account to help metropolitan local governments to develop and preserve affordable housing to keep families from losing housing and to help those experiencing homelessness find housing.

Sec. 3, subd. 2. **Definitions:** 1) Defines "city distribution factor" to mean:

$$\frac{\textit{\# of households in a tier I city that are cost - burdened}}{\textit{total \# of households in all tier I cities that are cost - burdened}}$$

2) Defines "city distribution factor" to mean the number of households in a tier I city that are cost burdened by the total number of households in all tier I cities that are cost-burdened as determined by the most recent American Community Survey 3) Calculates "county distribution factor" as:

$$\frac{\textit{\# of cost - burdened households in a county}}{\textit{total \# of cost - burdened households in all metropolitan counties}}$$

4) Defines "metropolitan area" to mean the area over which the Metropolitan Council has jurisdiction, including only the counties: Anoka; Carver; Dakota excluding the cities of Northfield and Cannon Falls; Hennepin excluding the cities of Hanover and Rockford; Ramsey; Scott excluding the city of New Prague; and Washington. References sec. 473.121, subd. 2. 5) Defines "metropolitan county" to mean any one of the following counties: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington. References sec. 473.121, subd. 4.

6) Defines "population" to mean the population estimated or established by the most recent aid calculations of July 15 in an aid calculation year. References sec. 477A.001, subd.3. 7) Defines "tier I city" to mean a statutory or home rule charter city that is a city of the first, second, or third class and is located in a metropolitan county.

Sec. 3, subd.3. **Distribution:** Establishes a distribution formula for the Department of Revenue to distribute aid to each county and eligible city.

Sec. 3, subd.4 **Qualifying projects:** Authorizes cities and counties to expend funds on: 1) Emergency rental assistance for households earning less than 80 percent of area median income; 2) Financial support to nonprofit affordable housing providers; and 3) The construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing for low- and moderate-income households. Sets income limits at 80 percent of the greater of state or area median income for rental housing projects and. 115 percent of the greater of state or area median income for homeownership projects. Stipulates that housing developed or rehabilitated with funds must be affordable to the local workforce. Instructs cities and counties to prioritize funding projects that provide affordable rental housing to households at or below the greater of 50 percent of the state or area median income or that provide affordable homeownership to households at or below the greater of 80 percent of the state or area median income. Permits cities and counties to prioritize projects that: (I) reduce disparities in homeownership; (ii) reduce housing cost burden, housing instability, or homelessness; (iii) improve the habitability of homes; (iv) create accessible housing; or (v) create more energy- or water-efficient homes.

Sec. 3, subd.5. **Use of Proceeds:** Funds are considered spent if a tier I city or county demonstrates to Minnesota Housing that it cannot expend the funds on a qualifying project due to factors outside its control and the funds are transferred to a local housing trust fund. Any funds transferred to a local housing trust fund must be spent on a project or household that meets the income requirements of this program. Funds must be spent by December 31 in the third year following the year after the aid was received.

Sec. 3, subd.6. **Administration:** Requires the Department of Revenue (DOR) to compute the amount of aid payable to each tier I city and county. Directs the DOR to certify the distribution factors to be used in the following year by August 1. Citing sec. 477A.015, requires DOR to make payments to local affordable housing aid in two installments on July 20 and December 26 annually. Directs DOR to distribute amounts collected in the Housing Assistance Fund, which consists of the revenue collected by the metropolitan sales tax, on the immediately preceding June 1.

Directs tier I cities and counties to submit a report annually, beginning in 2025 and no later than December 1 of each year, to Minnesota Housing. Requires cities and counties to document the location of any unspent funds and a list of qualifying projects completed or planned financed with funds. Subjects funds to repayment. Instructs Minnesota Housing to notify DOR if any funds were unspent within the three-year timeline imposed and/or if funds were spent on a non-qualifying project. Authorizes DOR to collect repayment by February 15 of the following year.

Requires tier I cities and counties to repay Minnesota Housing after receiving notice from Minnesota Housing and by May 15 if funds received: 1) were not spent within the time three-year time allotment; 2) were spent on anything other than a qualifying project; or 3) are not reported on. Directs DOR to stop distributing funds to a tier I city or county that Minnesota Housing reports to have failed to use funds, misused funds, or failed to report on its use of funds for three consecutive years. Authorizes DOR to resume distributing funds to a tier I city or county to which payment stopped in the year following August 1 after Minnesota Housing certifies that the city or county has submitted documentation of plans for a qualifying project.

Requires Minnesota Housing, by June 1, to deposit any repayments to the housing development fund. Considers transferred funds appropriations to use, in amounts at the discretion of Minnesota Housing, to the family homeless prevention and assistance program, the economic development and housing challenge program, and the workforce and affordable homeownership program.

Sec. 3, subd.7. **County Consultation:** Instructs counties to regularly consult with local governments in the jurisdictions where qualifying projects are planned. Enacts this section beginning with aids payable in 2024.

Housing Assistance Fund

Sec. 4, subd. 1. **Establishment:** Establishes a housing assistance fund in the state treasury. The fund consists of money collected by the metropolitan region sales and use tax (sec. 297A.9925) and any donated, allotted, transferred, or other monies contributed to the fund.

Sec. 4, subd. 2. **Metropolitan County Aid Account; Appropriation:** Establishes a metropolitan county aid account in the housing assistance fund. The fund consists of money collected by the metropolitan region sales and use tax (sec. 297A.9925) and any donated, allotted, transferred, or other monies contributed to the fund. Directs DOR to appropriate money for payments to counties as provided under the Local Affordable Housing Aid (477A.25).

Sec. 4, subd. 3. **Metropolitan City Aid Account; Appropriation:** Establishes a metropolitan city aid account in the housing assistance fund. The fund consists of money collected by the metropolitan region sales and use tax (sec. 297A.9925) and any donated, allotted, transferred, or other monies contributed to the fund. Directs DOR to appropriate money for payments to cities as provided under the Local Affordable Housing Aid (477A.25). Enacts this section on July 1, 2023.

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Article 6 Miscellaneous

Article 6 includes miscellaneous housing policy items.

Trust Account Requirements

Sec. 1. Amends the Accrued Interest subdivision (82.75, subd. 8) of the Trust Accounts Requirements statute. Directs interest accrued on the trust account to Minnesota Housing instead of Management and Budget. Requires Minnesota Housing to annually report to the chairs and ranking members of the housing committee. Enacts changes starting July 1, 2024.

Park Closings Payments to Relocation Trust Fund

Sec. 2. Amends the park closing statue (327C.095, subd. 12, par. (a) and (c)). Requires manufactured home park owners to pay Minnesota Housing instead of Management and Budget for deposits into the Minnesota manufactured home relocation trust fund.

Park Closings Changes Payments by Owners

Sec. 3. Amends the park closing statue (327C.095, subdivision 13, par. (e)). Requires park owners to make relocation payments to Minnesota Housing instead of Management and Budget. Tasks Minnesota Housing instead of Management and Budget with assessing each manufactured home park owner $15 for each licensed lot in their park if the balance of the manufactured home relocation trust fund falls below $2M as of June 30 of each year. Tasks Minnesota Housing instead of Management and Budget with preparing and distributing letters to park owners explaining the assessment. Instructs Minnesota Housing instead of Management and Budget with depositing payments into the manufactured home relocation trust fund. Requires Minnesota Housing to maintain an annual record of payments and deductions. Enacts this section on July 1, 2024.

Manufactured Home Park Reporting

Sec. 4. Amends reporting of licensed manufactured home parks (327C.095, subd. 16). Requires the Department of Health to provide to Minnesota Housing instead of Management and Budget a list of names and addresses of licensed manufactured home parks and other data, as requested, for Minnesota Housing to invoice each licensed park. Enacts this section on July 1, 2024.

Manufactured Park Notice of Sale

Sec. 5. Amends Notice of Sale I(327C.096) in Chapter 327C Manufactured home park lot rentals. Replaces “a resident of each manufactured home” with “each resident household.” Requires manufactured home park owners to provide written notice of an intent to sell to each resident household in the park. Deletes language permitting park owners to refrain from notifying residents when the park owner receives an unsolicited offer to purchase the park.

Manufactured Park Notice of Unsolicited Sale

Sec. 6. Creates and adds the Notice of Unsolicited Sale section (327C.097) to Chapter 327C manufactured home park lot rental chapter.

Sec 6, subd. 1. **Definitions:** Defines nonprofit in accordance with Chapter 317A Nonprofit Corporations

Sec. 6, subd. 2. **Scope:** This section does not apply to: 1) a purchase of a manufactured home park by a nonprofit or a representative acting on behalf of residents; 2) a purchase of a manufactured home park by a governmental entity under its powers or threat of eminent domain; 3) a transfer by a corporation or limited liability company to an affiliate, including shareholders or member of the transferring corporation; any corporation or entity owned or controlled by the transferring corporation; or any other corporation or entity owned or controlled by any shareholder or member of the transferring corporation; 4) A transfer by a partnership to any of its partners; 5) a sale or transfer between or among joint tenants or tenants in common owning a manufactured home park; 6) an exchange of a manufactured home park for other real property; 7) a conveyance of an interest in a manufactured home park incidental to the financing of the manufactured home park; 8) a transfer and assignment of property right or interest resulting from the foreclosure of a mortgage, cancellation of a contract for deed, or other instrument encumbering a manufactured home park or any deed given in lieu of such foreclosure or cancellation; 9) a sale or transfer to a person who would be included within the intestate table of descent and distribution of the park owner; or 10) A park owner who, within the past five years, has provided written notice in accordance with Notice of Sale (327C.096).

Sec. 6, subd. 3. **Notice of Offer:** Requires park owners who intend to consider or make a counteroffer to an unsolicited offer to purchase the park to mail a notice to Minnesota Housing and to each park resident household. Stipulates that park owners must use certified mail to notify Minnesota Housing and regular mail to notify park resident households. Instructs owners to include in the notice: that the park owner received and is considering an offer; disclosure of the price range and material terms and conditions upon which the park owner would consider selling the park; a disclosure that the park owner must consider any offer made by a representative acting on behalf of residents or a nonprofit. Makes clear that the park owner is under no obligation to sell to the nonprofit or representative acting on behalf of residents and is under no obligation to interrupt or delay negotiations and is free to execute a purchase agreement or contract for the sale to a party or parities other than the representatives acting on behalf of residents. Makes a point that so long as the notice to residents and Minnesota Housing does not omit any essential detail and the park owner made a firm effort to fully comply, the park owner is sufficiently in compliance. Requires Minnesota Housing, within five days of receipt of the notice, to distribute a copy of the notice to any representative acting on behalf of residents and to any nonprofits that register with the agency to receive such notices. Instructs Minnesota Housing to make available on its website a list of any representative acting on behalf of residents and any registered nonprofits.

Sec. 6, subd. 4. **Unsolicited Offer:** Makes clear that representatives acting on behalf of residents or a nonprofit may make an unsolicited offer at any time.

Authorizing Industrial or Modular Residential Buildings

Sec. 7. Amends Minnesota Statute. 462.357, subd. 1 to add industrialized or modular buildings for residential use to the list of property that cannot be prohibited by a local government unit if it complies with all other zoning ordinances pursuant to the section.

Workforce Housing Added as Eligible Projects for HRA's

Sec. 8 amends Minnesota Statute. sec 469.002, subd.12 to allow workforce housing as eligible projects for housing redevelopment authorities and economic development authorities. Sec. 9. defines "workforce housing project" as: any work or undertaking by an authority located in an eligible project area to develop market rate residential rental properties defined under the workforce housing development program statute (462A.39, subd. 2, par (d)); or a single-family housing as defined in the local government police powers statute (462C.02, subd. 4).

Eliminates Durations on Affordable Housing Covenants

Sec. 10. Amends the Defeasible Estates statute (500.20, subd. 2a). Permits cities to ignore the 30-year restrictive covenant rule if a government entity requires a declaration, covenant, restriction, or other instrument related to affordable housing.

Family Homeless Prevention and Assistance Early Appropriation

Sec. 11. Amends the "fast tracked" Family Homeless Prevention and Assistance Program (FHPAP) legislation (Laws 2023, chapter 20, sec. 1). Adds paragraph (d) to permit Minnesota Housing to grant funds to entities other than counties in the metropolitan area if the agency determines that the metropolitan area is in need of additional support. Adds paragraph (e) to allow grantees operating in a geographic area with at least one other grantee to work with either an advisory committee as required by the FHPAP statutes (462A.204, subd. 6) or the local Continuum of Care. Permits Minnesota Housing to grant funds to entities that do not meet project requirements as outlined in the FHPAP statute (462A.204, subd. 4)

Transition of Responsibilities to Minnesota Housing from Minnesota Management and Budget

Sec. 12. Requires payments submitted to Minnesota Management and Budget on or before July 1, 2025 for deposit in the housing trust fund (462A.201) or into the Minnesota manufactured home relocation trust fund (462A.35) be deposited into their respective funds. Orders Minnesota Management and Budget to notify the payee that the payment was received, documented, and been deposited into the intended fund. Instructs Minnesota Management and Budget to disclose to payees that future payments must be submitted to Minnesota Housing and that payments to Minnesota Management and Budget after July 1, 2025 will not be accepted. Enacts this section on July 1, 2024.

Reporting Buildings Without Sprinkler System

Sec. 13. Mandates all first- and second-class cities to provide a list to the state fire marshal by June 20, 2024, that includes each residential building in the city that: 1) has at least one story used for human occupancy that is 75 feet or more above the lowest level of fire department vehicle access; 2) was not required to include a sprinkler system at the time the building was constructed; and 3) has not been retrofitted with a sprinkler system.

Instructs the state fire marshal to submit the lists within 60 days to the chairs and ranking minority members of the committees with jurisdiction over the State Building Code, State Fire Code, and Minnesota Housing. Requires first and second-class cities to submit updated lists by June 30, 2027 and June 30, 2032.

Workgroup on Expediting Rental Assistance

Sec. 14. Creates a workgroup to study how to expedite rental assistance applications and distribution of rental assistance funds to landlords. Tasks the workgroup with identifying what processes, procedures, and technological or personnel resources are necessary for a state or county agency to administer government rental assistance funds in order for an entity to: 1) make and issue a determination on an application within two weeks of receiving a completed application; and 2) issue payment on an approved application to a landlord within 30 days of receiving a completed application. Directs Minnesota Management and Budget to facilitate meetings of the workgroup and convene the first meeting by July 15, 2023, with a final report due to the chairs and ranking minority members of the housing committee, to include draft legislation, by February 1, 2024.