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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. **1635**

02/13/2023 Authored by Norris, Howard and Hassan  
The bill was read for the first time and referred to the Committee on Housing Finance and Policy  
02/27/2023 Adoption of Report: Amended and re-referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to housing; modifying the workforce and affordable homeownership  
1.3 development program; creating the workforce and affordable homeownership  
1.4 account in the housing development fund; appropriating money; amending  
1.5 Minnesota Statutes 2022, section 462A.38.

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

1.7 Section 1. Minnesota Statutes 2022, section 462A.38, is amended to read:

1.8 **462A.38 WORKFORCE AND AFFORDABLE HOMEOWNERSHIP**  
1.9 **DEVELOPMENT PROGRAM.**

1.10 Subdivision 1. **Establishment.** A workforce and affordable homeownership development  
1.11 program is established to award homeownership development grants and loans to cities,  
1.12 tribal governments, nonprofit organizations, cooperatives created under chapter 308A or  
1.13 308B, and community land trusts created for the purposes outlined in section 462A.31,  
1.14 subdivision 1, for development of workforce and affordable homeownership projects. The  
1.15 purpose of the program is to increase the supply of workforce and affordable, owner-occupied  
1.16 multifamily or single-family housing throughout Minnesota.

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

- 1.19 (1) development costs;
- 1.20 (2) rehabilitation;
- 1.21 (3) land development; and
- 1.22 (4) residential housing, including storm shelters and related community facilities.

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

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

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

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

2.16 Subd. 6. **Report.** Beginning January 15, ~~2018~~ 2024, the commissioner must annually  
2.17 submit a report to the chairs and ranking minority members of the senate and house of  
2.18 representatives committees having jurisdiction over housing and workforce development  
2.19 specifying the projects that received grants and loans under this section and the specific  
2.20 purposes for which the grant or loan funds were used.

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

2.28 Subd. 8. **Deposits; funding amount.** (a) In fiscal years 2024 to 2034, an amount equal  
2.29 to \$15,000,000 of the state's portion of the proceeds derived from the mortgage registry tax  
2.30 imposed under section 287.035 and the deed tax imposed under section 287.21 is appropriated  
2.31 from the general fund to the commissioner of the Housing Finance Agency to transfer to  
2.32 the housing development fund for deposit into the workforce and affordable homeownership  
2.33 development account. The appropriation must be made annually by September 15.

- 3.1 (b) All loan repayments received under this section are to be deposited into the workforce
- 3.2 and affordable homeownership development account in the housing development fund.
- 3.3 (c) This subdivision expires September 16, 2033.
- 3.4 **EFFECTIVE DATE.** This section is effective July 1, 2023.