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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 1874

02/16/2023 Authored by Kozlowski, Howard, Hussein and Hassan The bill was read for the first time and referred to the Committee on Housing Finance and Policy

1.1 A bill for an act
1.2 relating to housing; adopting Minnesota Housing Finance Agency policy provisions;
1.3 increasing agency debt limit; expanding authority to issue bonds; expanding
1.4 eligibility requirements and uses for agency funding; expanding uses for housing
1.5 infrastructure bonds; amending Minnesota Statutes 2022, sections 462A.05,
1.6 subdivision 14, by adding subdivisions; 462A.204, subdivision 3; 462A.22,
1.7 subdivision 1; 462A.36, subdivision 4, by adding a subdivision; 462A.37,
1.8 subdivisions 1, 2, 4, 5, by adding a subdivision; 462A.38, subdivision 1; 462A.39,
1.9 subdivisions 2, 5; Laws 2021, First Special Session chapter 8, article 1, section 3,
1.10 subdivision 11.

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

1.12 ARTICLE 1
1.13 FUNDING MECHANISMS

1.14 Section 1. Minnesota Statutes 2022, section 462A.22, subdivision 1, is amended to read:

1.15 Subdivision 1. Debt ceiling. The aggregate principal amount of general obligation bonds
1.16 and notes which are outstanding at any time, excluding the principal amount of any bonds
1.17 and notes refunded by the issuance of new bonds or notes, shall not exceed the sum of
1.18 \$5,000,000,000.

1.19 Sec. 2. Minnesota Statutes 2022, section 462A.36, is amended by adding a subdivision to
1.20 read:

1.21 Subd. 2a. Refunding bonds. (a) The agency may issue nonprofit housing bonds in one
1.22 or more series to refund bonds authorized in subdivision 2. The amount of refunding nonprofit
1.23 housing bonds that may be issued from time to time will not be subject to the dollar limitation

2.1 contained in subdivision 2 nor will those bonds be included in computing the amount of
2.2 bonds that may be issued within that dollar limitation.

2.3 (b) In the refunding of nonprofit housing bonds, each bond must be called for redemption
2.4 prior to its maturity in accordance with its terms no later than the earliest date on which it
2.5 may be redeemed. No refunding bonds may be issued unless as of the date of the refunding
2.6 bonds the present value of the dollar amount of the debt service on the refunding bonds,
2.7 computed to their stated maturity dates, is lower than the present value of the dollar amount
2.8 of debt service on all nonprofit housing bonds refunded computed to their stated maturity
2.9 dates. For purposes of this subdivision, "present value of the dollar amount of debt service"
2.10 means the dollar amount of debt service to be paid, discounted to the nominal date of the
2.11 refunding bonds at a rate equal to the yield on the refunding bonds.

2.12 (c) If as a result of the issuance of refunding bonds the amount of debt service for an
2.13 annual period is less than the amount transferred by the commissioner of management and
2.14 budget to pay debt service for that annual period, the agency must deduct the excess amount
2.15 from the actual amount of debt service on those bonds certified for the next subsequent
2.16 annual period.

2.17 Sec. 3. Minnesota Statutes 2022, section 462A.36, subdivision 4, is amended to read:

2.18 Subd. 4. **Appropriation; payment to agency or trustee.** (a) The agency must certify
2.19 annually to the commissioner of management and budget the actual amount of annual debt
2.20 service on each series of bonds issued under subdivision 2.

2.21 (b) Each July 15, beginning in 2009 and through 2031, if any nonprofit housing bonds
2.22 issued under subdivision 2, or nonprofit housing bonds issued to refund those bonds, remain
2.23 outstanding, the commissioner of management and budget must transfer to the nonprofit
2.24 housing bond account established under section 462A.21, subdivision 32, the amount
2.25 certified under paragraph (a), not to exceed \$2,400,000 annually. The amounts necessary
2.26 to make the transfers are appropriated from the general fund to the commissioner of
2.27 management and budget.

2.28 (c) The agency may pledge to the payment of the nonprofit housing bonds the payments
2.29 to be made by the state under this section.

3.1 Sec. 4. Minnesota Statutes 2022, section 462A.37, is amended by adding a subdivision to
3.2 read:

3.3 Subd. 2i. **Refunding bonds.** (a) The agency may issue housing infrastructure bonds in
3.4 one or more series to refund bonds authorized in this section. The amount of refunding
3.5 housing infrastructure bonds that may be issued from time to time will not be subject to the
3.6 dollar limitation contained in any of the authorizations in this section nor will those bonds
3.7 be included in computing the amount of bonds that may be issued within those dollar
3.8 limitations.

3.9 (b) In the refunding of housing infrastructure bonds, each bond must be called for
3.10 redemption prior to its maturity in accordance with its terms no later than the earliest date
3.11 on which it may be redeemed. No refunding bonds may be issued unless as of the date of
3.12 the refunding bonds the present value of the dollar amount of the debt service on the
3.13 refunding bonds, computed to their stated maturity dates, is lower than the present value of
3.14 the dollar amount of debt service on all housing infrastructure bonds refunded computed to
3.15 their stated maturity dates. For purposes of this subdivision, "present value of the dollar
3.16 amount of debt service" means the dollar amount of debt service to be paid, discounted to
3.17 the nominal date of the refunding bonds at a rate equal to the yield on the refunding bonds.

3.18 (c) If as a result of the issuance of refunding bonds the amount of debt service for an
3.19 annual period is less than the amount transferred by the commissioner of management and
3.20 budget to pay debt service for that annual period, the agency must deduct the excess amount
3.21 from the actual amount of debt service on those bonds certified for the next subsequent
3.22 annual period.

3.23 Sec. 5. Minnesota Statutes 2022, section 462A.37, subdivision 4, is amended to read:

3.24 **Subd. 4. Appropriation; payment to agency or trustee.** (a) The agency must certify
3.25 annually to the commissioner of management and budget the actual amount of annual debt
3.26 service on each series of bonds issued under subdivision 2.

3.27 (b) Each July 15, beginning in 2013 and through 2035, if any housing infrastructure
3.28 bonds issued under subdivision 2, or housing infrastructure bonds issued to refund those
3.29 bonds, remain outstanding, the commissioner of management and budget must transfer to
3.30 the ~~affordable~~ housing infrastructure bond account established under section 462A.21,
3.31 subdivision 33, the amount certified under paragraph (a), not to exceed \$2,200,000 annually.
3.32 The amounts necessary to make the transfers are appropriated from the general fund to the
3.33 commissioner of management and budget.

4.1 (c) The agency may pledge to the payment of the housing infrastructure bonds the
4.2 payments to be made by the state under this section.

4.3 Sec. 6. Minnesota Statutes 2022, section 462A.37, subdivision 5, is amended to read:

4.4 Subd. 5. **Additional appropriation.** (a) The agency must certify annually to the
4.5 commissioner of management and budget the actual amount of annual debt service on each
4.6 series of bonds issued under this section.

4.7 (b) Each July 15, beginning in 2015 and through 2037, if any housing infrastructure
4.8 bonds issued under subdivision 2a, or housing infrastructure bonds issued to refund those
4.9 bonds, remain outstanding, the commissioner of management and budget must transfer to
4.10 the housing infrastructure bond account established under section 462A.21, subdivision 33,
4.11 the amount certified under paragraph (a), not to exceed \$6,400,000 annually. The amounts
4.12 necessary to make the transfers are appropriated from the general fund to the commissioner
4.13 of management and budget.

4.14 (c) Each July 15, beginning in 2017 and through 2038, if any housing infrastructure
4.15 bonds issued under subdivision 2b, or housing infrastructure bonds issued to refund those
4.16 bonds, remain outstanding, the commissioner of management and budget must transfer to
4.17 the housing infrastructure bond account established under section 462A.21, subdivision 33,
4.18 the amount certified under paragraph (a), not to exceed \$800,000 annually. The amounts
4.19 necessary to make the transfers are appropriated from the general fund to the commissioner
4.20 of management and budget.

4.21 (d) Each July 15, beginning in 2019 and through 2040, if any housing infrastructure
4.22 bonds issued under subdivision 2c, or housing infrastructure bonds issued to refund those
4.23 bonds, remain outstanding, the commissioner of management and budget must transfer to
4.24 the housing infrastructure bond account established under section 462A.21, subdivision 33,
4.25 the amount certified under paragraph (a), not to exceed \$2,800,000 annually. The amounts
4.26 necessary to make the transfers are appropriated from the general fund to the commissioner
4.27 of management and budget.

4.28 (e) Each July 15, beginning in 2020 and through 2041, if any housing infrastructure
4.29 bonds issued under subdivision 2d, or housing infrastructure bonds issued to refund those
4.30 bonds, remain outstanding, the commissioner of management and budget must transfer to
4.31 the housing infrastructure bond account established under section 462A.21, subdivision 33,
4.32 the amount certified under paragraph (a). The amounts necessary to make the transfers are
4.33 appropriated from the general fund to the commissioner of management and budget.

5.1 (f) Each July 15, beginning in 2020 and through 2041, if any housing infrastructure
 5.2 bonds issued under subdivision 2e, or housing infrastructure bonds issued to refund those
 5.3 bonds, remain outstanding, the commissioner of management and budget must transfer to
 5.4 the housing infrastructure bond account established under section 462A.21, subdivision 33,
 5.5 the amount certified under paragraph (a). The amounts necessary to make the transfers are
 5.6 appropriated from the general fund to the commissioner of management and budget.

5.7 (g) Each July 15, beginning in 2022 and through 2043, if any housing infrastructure
 5.8 bonds issued under subdivision 2f, or housing infrastructure bonds issued to refund those
 5.9 bonds, remain outstanding, the commissioner of management and budget must transfer to
 5.10 the housing infrastructure bond account established under section 462A.21, subdivision 33,
 5.11 the amount certified under paragraph (a). The amounts necessary to make the transfers are
 5.12 appropriated from the general fund to the commissioner of management and budget.

5.13 (h) Each July 15, beginning in 2022 and through 2043, if any housing infrastructure
 5.14 bonds issued under subdivision 2g, or housing infrastructure bonds issued to refund those
 5.15 bonds, remain outstanding, the commissioner of management and budget must transfer to
 5.16 the housing infrastructure bond account established under section 462A.21, subdivision 33,
 5.17 the amount certified under paragraph (a). The amounts necessary to make the transfers are
 5.18 appropriated from the general fund to the commissioner of management and budget.

5.19 (i) Each July 15, beginning in 2023 and through 2044, if any housing infrastructure
 5.20 bonds issued under subdivision 2h, or housing infrastructure bonds issued to refund those
 5.21 bonds, remain outstanding, the commissioner of management and budget must transfer to
 5.22 the housing infrastructure bond account established under section 462A.21, subdivision 33,
 5.23 the amount certified under paragraph (a). The amounts necessary to make the transfers are
 5.24 appropriated from the general fund to the commissioner of management and budget.

5.25 (j) The agency may pledge to the payment of the housing infrastructure bonds the
 5.26 payments to be made by the state under this section.

5.27 ARTICLE 2

5.28 ELIGIBILITY AND USES

5.29 Section 1. Minnesota Statutes 2022, section 462A.05, subdivision 14, is amended to read:

5.30 Subd. 14. **Rehabilitation loans.** It may agree to purchase, make, or otherwise participate
 5.31 in the making, and may enter into commitments for the purchase, making, or participation
 5.32 in the making, of eligible loans for rehabilitation, with terms and conditions as the agency
 5.33 deems advisable, to persons and families of low and moderate income, and to owners of

6.1 existing residential housing for occupancy by such persons and families, for the rehabilitation
6.2 of existing residential housing owned by them. Rehabilitation may include the addition or
6.3 rehabilitation of a detached accessory dwelling unit. The loans may be insured or uninsured
6.4 and may be made with security, or may be unsecured, as the agency deems advisable. The
6.5 loans may be in addition to or in combination with long-term eligible mortgage loans under
6.6 subdivision 3. They may be made in amounts sufficient to refinance existing indebtedness
6.7 secured by the property, if refinancing is determined by the agency to be necessary to permit
6.8 the owner to meet the owner's housing cost without expending an unreasonable portion of
6.9 the owner's income thereon. No loan for rehabilitation shall be made unless the agency
6.10 determines that the loan will be used primarily to make the housing more desirable to live
6.11 in, to increase the market value of the housing, for compliance with state, county or municipal
6.12 building, housing maintenance, fire, health or similar codes and standards applicable to
6.13 housing, or to accomplish energy conservation related improvements. In unincorporated
6.14 areas and municipalities not having codes and standards, the agency may, solely for the
6.15 purpose of administering the provisions of this chapter, establish codes and standards. No
6.16 loan under this subdivision for the rehabilitation of owner-occupied housing shall be denied
6.17 solely because the loan will not be used for placing the owner-occupied residential housing
6.18 in full compliance with all state, county, or municipal building, housing maintenance, fire,
6.19 health, or similar codes and standards applicable to housing. Rehabilitation loans shall be
6.20 made only when the agency determines that financing is not otherwise available, in whole
6.21 or in part, from private lenders upon equivalent terms and conditions. Accessibility
6.22 rehabilitation loans authorized under this subdivision may be made to eligible persons and
6.23 families without limitations relating to the maximum incomes of the borrowers if:

6.24 (1) the borrower or a member of the borrower's family requires a level of care provided
6.25 in a hospital, skilled nursing facility, or intermediate care facility for persons with
6.26 developmental disabilities;

6.27 (2) home care is appropriate; and

6.28 (3) the improvement will enable the borrower or a member of the borrower's family to
6.29 reside in the housing.

6.30 The agency may waive any requirement that the housing units in a residential housing
6.31 development be rented to persons of low and moderate income if the development consists
6.32 of four or less dwelling units, one of which is occupied by the owner.

7.1 Sec. 2. Minnesota Statutes 2022, section 462A.05, is amended by adding a subdivision to
7.2 read:

7.3 Subd. 42. **Indian Tribes.** Notwithstanding any other provision in this chapter, at its
7.4 discretion the agency may make any federally recognized Indian Tribe in Minnesota, or
7.5 their associated Tribally Designated Housing Entity (TDHE) as defined by United States
7.6 Code, title 25, section 4103(22), eligible for funding authorized under this chapter.

7.7 Sec. 3. Minnesota Statutes 2022, section 462A.05, is amended by adding a subdivision to
7.8 read:

7.9 Subd. 43. **Housing disparities.** The agency must prioritize its use of appropriations for
7.10 any program under this chapter to serve households most affected by housing disparities.

7.11 Sec. 4. Minnesota Statutes 2022, section 462A.05, is amended by adding a subdivision to
7.12 read:

7.13 Subd. 44. **Special purpose credit program.** The agency may establish special purpose
7.14 credit programs to assist one or more economically disadvantaged classes of persons in
7.15 order to address the effects of historic and current discrimination which resulted in limiting
7.16 access to housing credit by persons on the basis of race, color, ethnicity, or national origin.
7.17 A special purpose credit program may include a wide variety of remedies, including but
7.18 not limited to loans or other financial assistance, based on current, documented need as
7.19 determined by the agency.

7.20 Sec. 5. Minnesota Statutes 2022, section 462A.204, subdivision 3, is amended to read:

7.21 Subd. 3. **Set aside.** At least one grant must be awarded in an area located outside of the
7.22 metropolitan area. A county, a group of contiguous counties jointly acting together, a Tribe,
7.23 a group of Tribes, or a community-based nonprofit organization ~~with a sponsoring resolution~~
7.24 ~~from each of the county boards of the counties located within its operating jurisdiction~~ may
7.25 apply for and receive grants ~~for areas located outside the metropolitan area.~~

7.26 Sec. 6. Minnesota Statutes 2022, section 462A.37, subdivision 1, is amended to read:

7.27 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
7.28 the meanings given.

7.29 (b) "Abandoned property" has the meaning given in section 117.025, subdivision 5.

8.1 (c) "Community land trust" means an entity that meets the requirements of section
8.2 462A.31, subdivisions 1 and 2.

8.3 (d) "Debt service" means the amount payable in any fiscal year of principal, premium,
8.4 if any, and interest on housing infrastructure bonds and the fees, charges, and expenses
8.5 related to the bonds.

8.6 (e) "Foreclosed property" means residential property where foreclosure proceedings
8.7 have been initiated or have been completed and title transferred or where title is transferred
8.8 in lieu of foreclosure.

8.9 (f) "Housing infrastructure bonds" means bonds issued by the agency under this chapter
8.10 that:

8.11 (1) are qualified 501(c)(3) bonds, within the meaning of section 145(a) of the Internal
8.12 Revenue Code;

8.13 (2) finance qualified residential rental projects within the meaning of section 142(d) of
8.14 the Internal Revenue Code; or

8.15 ~~(3) finance the construction or rehabilitation of single-family houses that qualify for~~
8.16 ~~mortgage financing within the meaning of section 143 of the Internal Revenue Code; or~~

8.17 ~~(4)~~ (3) are tax-exempt bonds that are not private activity bonds, within the meaning of
8.18 section 141(a) of the Internal Revenue Code, for the purpose of financing or refinancing
8.19 affordable housing authorized under this chapter.

8.20 (g) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

8.21 (h) "Senior" means a person 55 years of age or older ~~with an annual income not greater~~
8.22 ~~than 50 percent of:~~

8.23 ~~(1) the metropolitan area median income for persons in the metropolitan area; or~~

8.24 ~~(2) the statewide median income for persons outside the metropolitan area.~~

8.25 (i) "Senior household" means a household with one or more senior members and with
8.26 an annual combined income not greater than 50 percent of:

8.27 (1) the metropolitan area median income for persons in the metropolitan area; or

8.28 (2) the statewide median income for persons outside the metropolitan area.

8.29 ~~(j)~~ (j) "Senior housing" means housing intended and operated for occupancy by at least
8.30 one senior per unit senior households with at least 80 percent of the units occupied by at
8.31 least one senior per unit senior households, and for which there is publication of, and

9.1 adherence to, policies and procedures that demonstrate an intent by the owner or manager
 9.2 to provide housing for seniors. Senior housing may be developed in conjunction with and
 9.3 as a distinct portion of mixed-income senior housing developments that use a variety of
 9.4 public or private financing sources.

9.5 ~~(j)~~ (k) "Supportive housing" means housing that is not time-limited and provides or
 9.6 coordinates with linkages to services necessary for residents to maintain housing stability
 9.7 and maximize opportunities for education and employment.

9.8 Sec. 7. Minnesota Statutes 2022, section 462A.37, subdivision 2, is amended to read:

9.9 Subd. 2. **Authorization.** (a) The agency may issue up to \$30,000,000 in aggregate
 9.10 principal amount of housing infrastructure bonds in one or more series to which the payment
 9.11 made under this section may be pledged. The housing infrastructure bonds authorized in
 9.12 this subdivision may be issued to fund loans, or grants for the purposes of clause (4) and
 9.13 clause (7), on terms and conditions the agency deems appropriate, made for one or more of
 9.14 the following purposes:

9.15 (1) to finance the costs of the construction, acquisition, and rehabilitation of supportive
 9.16 housing for individuals and families who are without a permanent residence;

9.17 (2) to finance the costs of the acquisition and rehabilitation of foreclosed or abandoned
 9.18 housing to be used for affordable rental housing and the costs of new construction of rental
 9.19 housing on abandoned or foreclosed property where the existing structures will be demolished
 9.20 or removed;

9.21 (3) to finance that portion of the costs of acquisition of property that is attributable to
 9.22 the land to be leased by community land trusts to low- and moderate-income home buyers;

9.23 (4) to finance the acquisition, improvement, and infrastructure of manufactured home
 9.24 parks under section 462A.2035, subdivision 1b;

9.25 (5) to finance the costs of acquisition, rehabilitation, adaptive reuse, or new construction
 9.26 of senior housing;

9.27 (6) to finance the costs of acquisition ~~and~~ rehabilitation, and replacement of federally
 9.28 assisted rental housing and for the refinancing of costs of the construction, acquisition, and
 9.29 rehabilitation of federally assisted rental housing, including providing funds to refund, in
 9.30 whole or in part, outstanding bonds previously issued by the agency or another government
 9.31 unit to finance or refinance such costs; and

10.1 (7) to finance the costs of acquisition, rehabilitation, adaptive reuse, or new construction
 10.2 of single-family housing.

10.3 (b) Among comparable proposals for permanent supportive housing, preference shall
 10.4 be given to permanent supportive housing for veterans and other individuals or families
 10.5 who:

10.6 (1) either have been without a permanent residence for at least 12 months or at least four
 10.7 times in the last three years; or

10.8 (2) are at significant risk of lacking a permanent residence for 12 months or at least four
 10.9 times in the last three years.

10.10 (c) Among comparable proposals for senior housing, the agency must give priority to
 10.11 requests for projects that:

10.12 (1) demonstrate a commitment to maintaining the housing financed as affordable to
 10.13 ~~seniors~~ senior households;

10.14 (2) leverage other sources of funding to finance the project, including the use of
 10.15 low-income housing tax credits;

10.16 (3) provide access to services to residents and demonstrate the ability to increase physical
 10.17 supports and support services as residents age and experience increasing levels of disability;
 10.18 and

10.19 ~~(4) provide a service plan containing the elements of clause (3) reviewed by the housing~~
 10.20 ~~authority, economic development authority, public housing authority, or community~~
 10.21 ~~development agency that has an area of operation for the jurisdiction in which the project~~
 10.22 ~~is located; and~~

10.23 ~~(5)~~ (4) include households with incomes that do not exceed 30 percent of the median
 10.24 household income for the metropolitan area.

10.25 To the extent practicable, the agency shall balance the loans made between projects in the
 10.26 metropolitan area and projects outside the metropolitan area. Of the loans made to projects
 10.27 outside the metropolitan area, the agency shall, to the extent practicable, balance the loans
 10.28 made between projects in counties or cities with a population of 20,000 or less, as established
 10.29 by the most recent decennial census, and projects in counties or cities with populations in
 10.30 excess of 20,000.

11.1 Sec. 8. Minnesota Statutes 2022, section 462A.38, subdivision 1, is amended to read:

11.2 Subdivision 1. **Establishment.** A workforce and affordable homeownership development
11.3 program is established to award homeownership development grants to cities, counties,
11.4 Tribal governments, nonprofit organizations, cooperatives created under chapter 308A or
11.5 308B, and community land trusts created for the purposes outlined in section 462A.31,
11.6 subdivision 1, for development of workforce and affordable homeownership projects. The
11.7 purpose of the program is to increase the supply of workforce and affordable, owner-occupied
11.8 multifamily or single-family housing throughout Minnesota.

11.9 Sec. 9. Minnesota Statutes 2022, section 462A.39, subdivision 2, is amended to read:

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

11.12 (b) "Eligible project area" means a home rule charter or statutory city located outside
11.13 of ~~the~~ a metropolitan area county as defined in section 473.121, subdivision ~~2~~ 4, with a
11.14 population exceeding 500; a community that has a combined population of 1,500 residents
11.15 located within 15 miles of a home rule charter or statutory city located outside ~~the~~ a
11.16 metropolitan ~~area~~ county as defined in section 473.121, subdivision ~~2~~ 4; federally recognized
11.17 Tribal reservations; or an area served by a joint county-city economic development authority.

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

11.21 (d) "Market rate residential rental properties" means properties that are rented at market
11.22 value, including new modular homes, new manufactured homes, and new manufactured
11.23 homes on leased land or in a manufactured home park, and may include rental developments
11.24 that have a portion of income-restricted units.

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

11.29 Sec. 10. Minnesota Statutes 2022, section 462A.39, subdivision 5, is amended to read:

11.30 Subd. 5. **Allocation.** The amount of a grant or deferred loans may not exceed 25 percent
11.31 of the rental housing development project cost. The commissioner shall not award a grant
11.32 or deferred loans to ~~a city~~ an eligible project area without certification by the ~~city~~ eligible

12.1 project area that the amount of the grant or deferred loans shall be matched by a local unit
 12.2 of government, business, ~~or~~ nonprofit organization, or federally recognized Tribe, with \$1
 12.3 for every \$2 provided in grant or deferred loans funds.

12.4 Sec. 11. Laws 2021, First Special Session chapter 8, article 1, section 3, subdivision 11,
 12.5 is amended to read:

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

12.7 (a) This appropriation is for the affordable
 12.8 rental investment fund program under
 12.9 Minnesota Statutes, section 462A.21,
 12.10 subdivision 8b, to finance the acquisition,
 12.11 rehabilitation, replacement, and debt
 12.12 restructuring of federally assisted rental
 12.13 property and for making equity take-out loans
 12.14 under Minnesota Statutes, section 462A.05,
 12.15 subdivision 39.

12.16 (b) The owner of federally assisted rental
 12.17 property must agree to participate in the
 12.18 applicable federally assisted housing program
 12.19 and to extend any existing low-income
 12.20 affordability restrictions on the housing for
 12.21 the maximum term permitted.

12.22 (c) The appropriation also may be used to
 12.23 finance the acquisition, rehabilitation, and debt
 12.24 restructuring of existing supportive housing
 12.25 properties and naturally occurring affordable
 12.26 housing as determined by the commissioner.
 12.27 For purposes of this paragraph, "supportive
 12.28 housing" means affordable rental housing with
 12.29 links to services necessary for individuals,
 12.30 youth, and families with children to maintain
 12.31 housing stability.