

**SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION**

S.F. No. 3842

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DATE
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Introduction and first reading
Referred to Housing Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to housing; establishing a state rent assistance program for low-income,
1.3 cost-burdened households; appropriating money; amending Minnesota Statutes
1.4 2020, section 462A.05, by adding a subdivision; proposing coding for new law in
1.5 Minnesota Statutes, chapter 462A.

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

1.7 Section 1. Minnesota Statutes 2020, section 462A.05, is amended by adding a subdivision
1.8 to read:

1.9 Subd. 42. **Rent assistance program.** The agency may administer the rent assistance
1.10 program established in section 462A.2095.

1.11 Sec. 2. [462A.2095] **RENT ASSISTANCE PROGRAM.**

1.12 Subdivision 1. **Program established.** The state rent assistance account is established
1.13 as a separate account in the housing development fund. Money in the account is appropriated
1.14 to the agency for grants to local housing authorities for the purposes specified in this section.

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

1.17 (b) "Eligible person" means an individual or family with an annual income of up to 50
1.18 percent of the area median income as determined by the United States Department of Housing
1.19 and Urban Development, adjusted for family size, that is paying more than 30 percent of
1.20 the individual's or family's annual income on rent. Eligibility is determined at the time an
1.21 individual or family first receives rent assistance under this section. Eligible person does

2.1 not include an individual or family receiving federal tenant-based or project-based assistance
 2.2 under Section 8 of the United States Housing Act of 1937, as amended.

2.3 (c) "Local housing authority" means:

2.4 (1) a housing and redevelopment authority or other local government agency or authority
 2.5 that administers federal tenant-based or project-based assistance under Section 8 of the
 2.6 United States Housing Act of 1937, as amended;

2.7 (2) a tribal government or tribal housing authority; or

2.8 (3) if the local housing authority, tribal government, or tribal housing authority declines
 2.9 to administer the program established in this section, a nongovernmental organization
 2.10 determined by the agency to have the capacity to administer the program.

2.11 Subd. 3. **Grants to local housing authorities.** (a) The agency may make grants to local
 2.12 housing authorities to provide rent assistance to eligible persons. To the extent practicable,
 2.13 the agency must make grants in each county in proportion to the number of persons eligible
 2.14 for assistance in each county according to the most recent American Community Survey
 2.15 of the United States Census Bureau.

2.16 (b) The local housing authority may use its existing procedures to administer the rent
 2.17 assistance program or may develop alternative procedures best suited to the service area in
 2.18 which it administers rent assistance. The agency must approve a local housing authority's
 2.19 procedures.

2.20 Subd. 4. **Amount of rent assistance.** A local housing authority may provide tenant-based
 2.21 or project-based rent assistance to eligible persons in amounts equal to the difference between
 2.22 30 percent of household income and the rent charged, plus an allowance for utilities if not
 2.23 included in rent. A local housing authority may not provide assistance that is more than the
 2.24 difference between 30 percent of household income and 110 percent of the applicable fair
 2.25 market rent for the location and family size of the eligible person as determined by the
 2.26 United States Department of Housing and Urban Development.

2.27 Subd. 5. **Administrative fee.** A local housing authority may use up to the lesser of \$.....
 2.28 or percent of a grant each year for administrative costs.

2.29 Sec. 3. **APPROPRIATION; RENT ASSISTANCE.**

2.30 \$..... in fiscal year 2022 and \$..... in fiscal year 2023 are appropriated from the general
 2.31 fund to the Minnesota Housing Finance Agency for transfer to the housing development
 2.32 fund for the purposes of Minnesota Statutes, section 462A.2095.

3.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.