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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 2632

03/06/2023 Authored by Hussein, Howard, Hortman and Cha
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; establishing stable housing organization relief program;
1.3 appropriating money.

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

1.5 Section 1. STABLE HOUSING ORGANIZATION RELIEF PROGRAM.

1.6 Subdivision 1. Establishment. The commissioner of the Minnesota Housing Finance
1.7 Agency must establish and administer a grant program in accordance with this section to
1.8 support nonprofits that are experiencing significant detrimental financial impacts due to
1.9 recent economic and social conditions.

1.10 Subd. 2. Eligible organizations. To be eligible for a grant under this section an
1.11 organization must:

1.12 (1) be a nonprofit organization that is tax exempt under section 501(c)(3) of the Internal
1.13 Revenue Code that has been doing business in the state for at least ten years as demonstrated
1.14 by registration or filing of organizational documents with the secretary of state;

1.15 (2) have its primary operations located in the state;

1.16 (3) be experiencing significant detrimental financial impact due to recent economic and
1.17 social conditions. This includes but is not limited to decreased operating revenue due to
1.18 loss of rental income; increased operating expenses due to inflation in utility expenses;
1.19 insurance; property taxes; property maintenance and repairs, including deferred expenses;
1.20 increased staffing and security due to increased tenant mental health needs and other distress
1.21 which have caused or is causing, singly or in combination, operating deficits in rental housing
1.22 developments; increased subsidy to developments from charitable contributions or other

2.1 organizational resources; reductions in organizational net assets; deferred maintenance and
2.2 repairs, the combination of which threatens the continued ability to provide decent, safe,
2.3 affordable housing to low-income populations; and the ability to develop and operate
2.4 additional affordable housing;

2.5 (4) have supportive services options available for the individuals and families residing
2.6 in the rental housing it provides to low-income populations; and

2.7 (5) provide, as of December 31, 2022, housing units in the state that it owns or controls
2.8 consisting of any of the following:

2.9 (i) at least 1,000 units of naturally occurring affordable housing. For purposes of this
2.10 item, "naturally occurring affordable housing" means multiunit rental housing developments
2.11 that have not received financing from the federal low-income housing tax credit program
2.12 for which the majority of the units have agreements in place to be affordable to individuals
2.13 or families with incomes at or below 60 percent of the area median income as determined
2.14 by the United States Department of Housing and Urban Development, adjusted for family
2.15 size, and that do not receive project- or other place-based rental subsidies from the federal
2.16 government;

2.17 (ii) rental housing units, not including naturally occurring affordable housing, of which
2.18 50 percent of the total number of units are rented to individuals or families whose annual
2.19 incomes, according to the most recent income certification as of December 31, 2022, are
2.20 at or below 30 percent of the area median income as determined by the United States
2.21 Department of Housing and Urban Development, adjusted for family size; or

2.22 (iii) at least 250 units of permanent supportive housing, as defined in Minnesota Statutes,
2.23 section 462A.36, subdivision 1, paragraph (e).

2.24 Subd. 3. **Grant program.** (a) The commissioner must provide grants to eligible
2.25 organizations as provided in this subdivision.

2.26 (b) An organization that seeks to obtain a grant must apply to the commissioner by July
2.27 28, 2023, and certify:

2.28 (1) that it is eligible for a grant under subdivision 2;

2.29 (2) the total number of rental housing units it owns or controls in the state, including
2.30 but not limited to the rental housing units it provides under subdivision 2, clause (5); and

2.31 (3) information on significant detrimental financial impacts due to recent economic and
2.32 social conditions.

3.1 (c) The commissioner must disburse grants to eligible organizations no later than
 3.2 September 30, 2023. Eligible organizations that receive grants must use grant funds to
 3.3 mitigate significant detrimental financial impacts due to recent economic and social
 3.4 conditions.

3.5 (d) The amount of a grant to an eligible organization equals:

3.6 (1) the percentage of the total number of units an eligible organization certifies that it
 3.7 owns or controls in the state of the total number of units certified by all eligible organizations;
 3.8 multiplied by

3.9 (2) the total amount of the appropriation for this grant program under section 2.

3.10 (e) No grant to an eligible organization may exceed \$4,000 per certified unit. The per-unit
 3.11 amount of the grant for each eligible organization must be calculated based on the total
 3.12 number of units each eligible organization owns or controls in the state and is not limited
 3.13 to the number of units that qualify it as an eligible organization under subdivision 2, clause
 3.14 (5).

3.15 Subd. 4. **Reporting and financial audit.** Each recipient of grant funds must submit a
 3.16 report to the commissioner by September 30, 2024, on the use of those funds in a form
 3.17 determined by the commissioner.

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

3.19 Sec. 2. **APPROPRIATION.**

3.20 \$120,000,000 in fiscal year 2023 is appropriated from the general fund to the
 3.21 commissioner of the Minnesota Housing Finance Agency for the stable housing organization
 3.22 relief grant program in section 1. The Minnesota Housing Finance Agency may use up to
 3.23 \$..... for administrative costs. This is a onetime appropriation.

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