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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 2907

05/18/2019 Authored by Dehn, Sauke, Hausman, Richardson and Bennett
The bill was read for the first time and referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to housing; capital investment; adding the use of housing infrastructure
1.3 bonds for housing stabilization projects; authorizing the sale and issuance of
1.4 housing infrastructure bonds; appropriating money; amending Minnesota Statutes
1.5 2018, section 462A.37, subdivisions 1, 2, 5, by adding a subdivision.

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

1.7 Section 1. Minnesota Statutes 2018, section 462A.37, subdivision 1, is amended to read:

1.8 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have
1.9 the meanings given.

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

1.11 (c) "Community land trust" means an entity that meets the requirements of section
1.12 462A.31, subdivisions 1 and 2.

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

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

1.19 (f) "Housing infrastructure bonds" means bonds issued by the agency under this chapter
1.20 that are qualified 501(c)(3) bonds, within the meaning of Section 145(a) of the Internal
1.21 Revenue Code, finance qualified residential rental projects within the meaning of Section
1.22 142(d) of the Internal Revenue Code, or are tax-exempt bonds that are not private activity

2.1 bonds, within the meaning of Section 141(a) of the Internal Revenue Code, for the purpose
 2.2 of financing or refinancing affordable housing or housing stabilization projects authorized
 2.3 under this chapter.

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

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

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

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

2.9 (i) "Senior housing" means housing intended and operated for occupancy by at least one
 2.10 senior per unit with at least 80 percent of the units occupied by at least one senior per unit,
 2.11 and for which there is publication of, and adherence to, policies and procedures that
 2.12 demonstrate an intent by the owner or manager to provide housing for seniors. Senior
 2.13 housing may be developed in conjunction with and as a distinct portion of mixed-income
 2.14 senior housing developments that use a variety of public or private financing sources.

2.15 (j) "Supportive housing" means housing that is not time-limited and provides or
 2.16 coordinates with linkages to services necessary for residents to maintain housing stability
 2.17 and maximize opportunities for education and employment.

2.18 (k) "Housing stabilization" means providing shelter, including emergency shelter,
 2.19 transitional housing, and other means to provide safe, decent, and affordable lodging that
 2.20 is not permanent housing, for individuals and families without a permanent residence,
 2.21 including those who are unsheltered or being released from institutions such as hospitals.
 2.22 Housing stabilization must provide opportunity for rest and respite and service supports
 2.23 such as outreach, housing and vulnerability assessments, housing placement, and social and
 2.24 other services specifically designed to assist individuals and families obtain permanent
 2.25 housing.

2.26 Sec. 2. Minnesota Statutes 2018, section 462A.37, subdivision 2, is amended to read:

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

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

3.3 (2) to finance the costs of the acquisition and rehabilitation of foreclosed or abandoned
3.4 housing to be used for affordable rental housing and the costs of new construction of rental
3.5 housing on abandoned or foreclosed property where the existing structures will be demolished
3.6 or removed;

3.7 (3) to finance that portion of the costs of acquisition of property that is attributable to
3.8 the land to be leased by community land trusts to low- and moderate-income homebuyers;

3.9 (4) to finance that portion of the improvement and infrastructure of manufactured home
3.10 parks under section 462A.2035, subdivision 1b, that is attributable to land to be leased to
3.11 low- and moderate-income manufactured home owners;

3.12 (5) to finance the costs of acquisition, rehabilitation, adaptive reuse, or new construction
3.13 of senior housing; ~~and~~

3.14 (6) to finance the costs of acquisition and rehabilitation of federally assisted rental
3.15 housing and for the refinancing of costs of the construction, acquisition, and rehabilitation
3.16 of federally assisted rental housing, including providing funds to refund, in whole or in part,
3.17 outstanding bonds previously issued by the agency or another government unit to finance
3.18 or refinance such costs; and

3.19 (7) to finance the construction, acquisition, and rehabilitation of property and facilities
3.20 for housing stabilization.

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

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

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

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

3.30 (1) demonstrate a commitment to maintaining the housing financed as affordable to
3.31 seniors;

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

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

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

4.9 (5) include households with incomes that do not exceed 30 percent of the median
 4.10 household income for the metropolitan area.

4.11 (d) Among comparable proposals for housing stabilization, preference shall be given to
 4.12 housing stabilization projects that:

4.13 (1) provide housing stabilization for veterans and other individuals or families who are
 4.14 or would otherwise be unsheltered, specifically including those who are or have been resistant
 4.15 to using existing emergency shelters or other alternatives to being unsheltered due to their
 4.16 circumstances and preferences; or

4.17 (2)(i) preserve, expand, or enhance existing housing stabilization in conjunction with
 4.18 or proximate to permanent supportive housing options, including options for youth, young
 4.19 adults, veterans, single adults, and families; and

4.20 (ii) are on sites designed and constructed or rehabilitated to enhance the opportunity to
 4.21 be converted to permanent supportive housing or affordable housing.

4.22 To the extent practicable, the agency shall balance the loans made between projects in the
 4.23 metropolitan area and projects outside the metropolitan area. Of the loans made to projects
 4.24 outside the metropolitan area, the agency shall, to the extent practicable, balance the loans
 4.25 made between projects in counties or cities with a population of 20,000 or less, as established
 4.26 by the most recent decennial census, and projects in counties or cities with populations in
 4.27 excess of 20,000.

4.28 Sec. 3. Minnesota Statutes 2018, section 462A.37, is amended by adding a subdivision to
 4.29 read:

4.30 Subd. 2f. **Additional authorization.** In addition to the amount authorized in subdivisions
 4.31 2 to 2e, the agency may issue up to \$7,750,000 in housing infrastructure bonds in one or
 4.32 more series to which the payments under this section may be pledged for the purposes

5.1 described in subdivision 2, paragraph (a), clause (7), to be applied specifically to lodging
5.2 projects to serve youth experiencing homelessness as defined in section 256K.45, subdivision
5.3 1a.

5.4 Sec. 4. Minnesota Statutes 2018, section 462A.37, subdivision 5, is amended to read:

5.5 Subd. 5. **Additional appropriation.** (a) The agency must certify annually to the
5.6 commissioner of management and budget the actual amount of annual debt service on each
5.7 series of bonds issued under subdivisions ~~2a, 2b, 2c, 2d, and 2e~~ to 2f.

5.8 (b) Each July 15, beginning in 2015 and through 2037, if any housing infrastructure
5.9 bonds issued under subdivision 2a remain outstanding, the commissioner of management
5.10 and budget must transfer to the housing infrastructure bond account established under section
5.11 462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed \$6,400,000
5.12 annually. The amounts necessary to make the transfers are appropriated from the general
5.13 fund to the commissioner of management and budget.

5.14 (c) Each July 15, beginning in 2017 and through 2038, if any housing infrastructure
5.15 bonds issued under subdivision 2b remain outstanding, the commissioner of management
5.16 and budget must transfer to the housing infrastructure bond account established under section
5.17 462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed \$800,000
5.18 annually. The amounts necessary to make the transfers are appropriated from the general
5.19 fund to the commissioner of management and budget.

5.20 (d) Each July 15, beginning in 2019 and through 2040, if any housing infrastructure
5.21 bonds issued under subdivision 2c remain outstanding, the commissioner of management
5.22 and budget must transfer to the housing infrastructure bond account established under section
5.23 462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed \$2,800,000
5.24 annually. The amounts necessary to make the transfers are appropriated from the general
5.25 fund to the commissioner of management and budget.

5.26 (e) Each July 15, beginning in 2020 and through 2041, if any housing infrastructure
5.27 bonds issued under subdivision 2d remain outstanding, the commissioner of management
5.28 and budget must transfer to the housing infrastructure bond account established under section
5.29 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary
5.30 to make the transfers are appropriated from the general fund to the commissioner of
5.31 management and budget.

5.32 (f) Each July 15, beginning in 2020 and through 2041, if any housing infrastructure
5.33 bonds issued under subdivision 2e remain outstanding, the commissioner of management

6.1 and budget must transfer to the housing infrastructure bond account established under section
6.2 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary
6.3 to make the transfers are appropriated from the general fund to the commissioner of
6.4 management and budget.

6.5 (g) Each July 15, beginning in 2021 and through 2042, if any housing infrastructure
6.6 bonds issued under subdivision 2f remain outstanding, the commissioner of management
6.7 and budget must transfer to the housing infrastructure bond account established under section
6.8 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary
6.9 to make the transfers are appropriated from the general fund to the commissioner of
6.10 management and budget.

6.11 ~~(g)~~ (h) The agency may pledge to the payment of the housing infrastructure bonds the
6.12 payments to be made by the state under this section.