

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

S.F. No. 4298

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DATE
03/12/2020

D-PG

Introduction and first reading
Referred to Agriculture, Rural Development, and Housing Finance

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to housing; appropriating money for loans or grants to preserve Naturally
1.3 Occurring Affordable Housing.

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

1.5 Section 1. **HOUSING FINANCE AGENCY; NOAH APPROPRIATION.**

1.6 Subdivision 1. Naturally Occurring Affordable Housing; appropriation. \$50,000,000
1.7 is appropriated in fiscal year 2021 from the general fund to the Minnesota Housing Finance
1.8 Agency (1) to make loans or grants to owners of Naturally Occurring Affordable Housing
1.9 (NOAH) preservation properties that have demonstrated experience and capacity in owning
1.10 and operating quality and well-managed affordable housing, or (2) to make a grant to a
1.11 statewide intermediary to make loans or grants for the same purposes. A loan or grant must
1.12 be used to acquire and rehabilitate a NOAH property that the agency or the statewide
1.13 intermediary determines is at risk of increased rents and that is occupied by tenants at risk
1.14 of involuntary displacement. The agency shall determine how much of the appropriation
1.15 may be used for grants and how much for loans. This appropriation is available until June
1.16 30, 2023.

1.17 Subd. 2. Requirements; terms. (a) A funding applicant must demonstrate that the
1.18 applicant will have sufficient capital and capital reserves to improve and maintain the
1.19 property for the term of the loan if funding is in the form of a loan, but in all cases for at
1.20 least 15 years.

1.21 (b) A funding recipient must be contractually obligated by means of a deed restriction
1.22 to maintain for at least 15 years one of the following three levels of affordability:

2.1 (1) at least 75 percent of the units must be at rents affordable to households with incomes
2.2 at or less than 80 percent of the area median income, and at least 51 percent of units must
2.3 be at rents affordable to households with incomes at or less than 60 percent of the area
2.4 median income;

2.5 (2) at least 15 percent of the units, or 15 units, whichever is fewer, must be at rents
2.6 affordable to households with incomes at or less than 30 percent of the area median income,
2.7 and at least 51 percent of the units must be at rents affordable to households with incomes
2.8 at or less than 60 percent of the area median income; or

2.9 (3) at least 75 percent of the units must be at rents affordable to households with incomes
2.10 at 50 percent or less of the area median income, and 100 percent of the units must be at
2.11 rents affordable to households with incomes at or less than 80 percent of the area median
2.12 income.

2.13 (c) A funding applicant must provide to the agency or statewide intermediary
2.14 administering the grant and loan program the details of the total financing package.

2.15 (d) Properties that receive funds must accept vouchers under Section 8 of the United
2.16 States Housing Act of 1937, as amended, if the subsidy payment standard is no more than
2.17 five percent below marketplace rent levels.

2.18 (e) The agency or statewide intermediary may require other criteria and application
2.19 information that will promote NOAH preservation.

2.20 (f) A loan or grant may be for up to 40 percent of the total acquisition cost of the NOAH
2.21 property but no more than \$50,000 per individual rental housing unit acquired.

2.22 (g) The agency, or the statewide intermediary making loans or grants under this section,
2.23 may give priority to applications that reserve at least 15 units to provide homes for homeless
2.24 households.

2.25 (h) A loan may have a term of up to 15 years at no- or low-interest rates, at the discretion
2.26 of the agency or statewide intermediary.

2.27 Subd. 3. **Report.** A recipient of a grant or loan under this section must report to the
2.28 agency or statewide intermediary information required by the agency as a condition of the
2.29 loan or grant.