

HOUSE RESEARCH

Bill Summary

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Overview

This bill raises the deed tax rate from .0033 to .005 and appropriates the increased revenue to the Minnesota Housing Finance Agency ("MHFA") to be allocated as follows: 42 percent for rental assistance, 33 percent for the economic development and housing challenge program, and 25 percent for a newly created housing account for leverage opportunity.

Section

- 1** **Names act.** Provides that the provisions of the bill shall be known as the Housing Solutions Act.
- 2** **Deed tax rate.** Changes the rate of the deed tax from .0033 to .005
- 3** **Appropriation.** Appropriates approximately 42 percent of the revenues generated by the increased deed tax to the MHFA housing trust fund account for rental assistance. Caps the percentage of these funds that may be used for the costs of operating rental housing at 10 percent.
- 4** **Appropriation.** Appropriates approximately 33 percent of the revenues generated by the increased deed tax to the MHFA economic development and housing challenge program under section 462A.33.
- 5** **Housing account for leverage opportunity created.**

Subd. 1. Creates an account to provide matching grants for preservation, renovation or development of affordable home ownership or rental housing. Forty percent of funds in the account are available to recipients outside the seven-county metropolitan

Section

area in the first year of the biennium. Only one matching grant may be awarded within the jurisdictional boundaries of an eligible recipient in any year.

Subd. 2. Identifies eligible recipients.

Subd. 3. Requires dollar-for-dollar matching funds from grant recipients, provides that the minimum grant is \$50,000 and the maximum grant is \$1,000,000 in a year. Also provides that funds from other state or federal programs may not be used as matching funds.

Subd. 4. Households served under this program must not have incomes in excess of 115 percent of the state or area median income for homeownership projects or 60 percent of the state or area median income for rental projects.

6 Appropriation. Appropriates approximately 25 percent of the revenues generated by the increased deed tax to the MHFA for the housing account for leverage opportunity created in section 5 of the bill.