

HOUSE RESEARCH

Bill Summary

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Overview

This is the budget bill for Minnesota housing programs and the base budget for the Minnesota Housing Finance Agency.

Section

- 1** **Housing Finance Agency.** Provides general appropriation language.
- 2** **Subd. 1. Total Appropriation.** Provides for a transfer to the housing development fund.

Subd. 2. Challenge program. Provides funding for the Challenge Program (§ 462A.33) which provides grants or loans for construction, rehab, and financing to support economic development and job growth in a community and are made to cities, Indian tribes, subdivision, nonprofits, and individuals and must serve households that are low and moderate-income. \$1,208,000 is allocated to be used first for housing projects for American Indians, and after 11 months, whatever is left to other projects. Priority given to programs aimed at closing the disparity gap in affordable homeownership and rental housing for indigenous American Indians and communities of color. Priority is given for programs that focus on 1) homeless youth, 2) trafficked women and children, 3) land trust programs, and 4) programs that provide for housing in communities with job growth and job expansion.

Subd. 3. Housing trust fund. Provides funding for the housing trust fund (§ 462A.201) to provide loans and grants for projects to develop, construct, acquire, preserve, and rehab low-income rental housing units (including cooperative, temporary, and transitional housing), assist with the cost of operating low-income rental housing, and provide rental assistant to low-income tenants. Trust fund money

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for these purposes is to be matched by federal, local, or private money.

Priority given to program aimed at closing the disparity gap in rental housing for indigenous American Indians and communities of color and culturally specific groups who are providing services to members of their community. This includes a onetime \$1 million appropriation for temporary rental assistance for families with school age children who have changed schools and a onetime \$1 million appropriation for temporary rental assistance to adults being released from prison who are homeless or at risk of being homeless.

Subd. 4. Rental assistance for mentally ill. Provides funding for the rental housing assistance (§ 462A.2097) program for low-income tenants or for persons with mental illness which includes direct rental subsidies and coordinated services for tenants.

Subd. 5. Family homeless prevention. Provides funding to the family homeless prevention and assistance program (§ 462A.204) for grants to counties for projects to stabilize families in existing homes, assist with transitional housing and shortening shelter stays, and to decrease a period of homelessness. Includes a school stability program which can allow rental assistance.

Subd. 6. Home ownership assistance fund. Provides funding for the homeownership assistance fund (§ 462A.21, subd. 8) which can assist low and moderate-income individuals and families with the purchase of affordable residential housing including providing loans. Priority is given to funding programs that are aimed at closing the disparities gap in homeownership for indigenous American Indians and communities of color.

Subd. 7. Affordable rental investment fund. Provides funding for the affordable rental investment fund program (§ 462A.21, subd. 8b) also called "PARIF." This funding is to be used to finance the acquisition, rehabilitation, and debt restructuring of federally assisted rental properties. This appropriation can also be used for equity takeout loans under section 462A.05, subdivision 39, which would require the owner to agree to participate in the federal assistance program and extend low-income affordability restrictions on the housing for the maximum term of the federal assistance contract and allow local government, housing authorities, and nonprofits the right of first refusal if the property is offered for sale. Priority is given to federal assistance rental properties with the longest remaining term under the agreement for federal assistance. Priority is also given to housing developments owned by local government units a housing authority, or a nonprofit housing organization. Allows this appropriation to be used to finance the acquisition, rehabilitation, and debt restructuring of existing supportive housing properties and provides the base funding for PARIF.

Subd. 8. Housing rehabilitation. Provides funding for the housing rehabilitation program (§ 462A.05, subd. 14) which provides loans to low and moderate income homeowners and to owners of residential housing for low and moderate-income residents for rehabilitation of the properties. Of the appropriation \$3,664,000 is for rehabilitation to rental properties and \$2,750,000 is for rehabilitation to owner

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occupied homes. Priority given to program aimed at closing the disparity gap in rental housing for communities of color.

Subd. 9. Homeownership education, counseling, and training. Provides funding for the homeownership education, training, and counseling (§ 462A.209) which provides money to community-based nonprofit organization and political subdivision to assist in providing full cycle homeownership services to low and moderate income home buyers and homeowners and foreclosure prevention assistance. Priority may be given to funding programs that are aimed at culturally specific groups who are providing services to members of their community.

Subd. 10. Capacity-building grants. Provides funding for non-profit capacity building grants (§ 462A.21, subd. 3b) which allows grants to nonprofits, local governments, Indian tribes, and organizations to expand their capacity to provide affordable housing and housing services. The grants can be used to assess housing needs, develop strategies to meet those needs, include creating or preserving affordable housing, purchase counseling and administrative costs, and linking supportive services to the housing.

Subd. 11. Grants. Provides a specific appropriation to either a specific organization or for a grant to be made to an organization that provides a specific type of service. \$70,000 each year to Open Access Connection to provide voicemail services to homeless and low-income individuals who are trying to get housing or jobs. \$200,000 each year to HOME line for tenant advocacy and services. \$175,000 each year to an East African Women's organization to provide shelter, health services, and education to promote safety, human rights, and prevent abuse and trafficking.

Subd. 12. Transfers. Provides for transfers to the commissioner of human services to provide housing related services for the following programs:

- \$900,000 each year is for the long-term homeless supportive services under section 256K.26
- \$250,000 each year is for the transitional housing programs under section 256E.33
- \$250,000 each year is for emergency services grants under section 256E.36
- \$1,500,000 each year is to provide housing and services to homeless youth under section 256K.45
- \$1,000,000 each year is for housing and shelter for trafficked women and children