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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 4317

03/17/2022

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The bill was read for the first time and referred to the Committee on State Government Finance and Elections

1.1 A bill for an act

1.2 relating to state government; creating opportunities for homeownership for certain

1.3 groups; appropriating money for an affordable homeownership incentive account

1.4 to support homeownership for African Americans and African Immigrants and

1.5 other protected groups; requiring a report; amending Minnesota Statutes 2020,

1.6 sections 473.251; 473.254, subdivisions 1, 9, by adding subdivisions.

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

1.8 Section 1. Minnesota Statutes 2020, section 473.251, is amended to read:

1.9 **473.251 METROPOLITAN LIVABLE COMMUNITIES FUND.**

1.10 The metropolitan livable communities fund is created and consists of the following

1.11 accounts:

- 1.12 (1) the tax base revitalization account;
- 1.13 (2) the livable communities demonstration account;
- 1.14 (3) the local housing incentives account; ~~and~~
- 1.15 (4) the inclusionary housing account; and
- 1.16 (5) affordable homeownership incentive account.

1.17 Sec. 2. Minnesota Statutes 2020, section 473.254, subdivision 1, is amended to read:

1.18 Subdivision 1. **Participation.** (a) A municipality may elect to participate in the ~~local~~

1.19 housing affordable homeownership incentive account program to address disparities in

1.20 homeownership rates between whites and African Americans and African Immigrants and

1.21 other protected groups. If the election to participate occurs by November 15 of any year, it

2.1 is effective commencing the next calendar year; otherwise it is effective commencing the
 2.2 next succeeding calendar year. An election to participate in the program is effective until
 2.3 revoked according to paragraph (b). A municipality is subject to this section only in those
 2.4 calendar years for which its election to participate in the program is effective. For purposes
 2.5 of this section, municipality means a municipality electing to participate in the ~~local housing~~
 2.6 affordable homeownership incentive account program to address disparities in
 2.7 homeownership rates between whites and African Americans and African Immigrants and
 2.8 other protected groups for the calendar year in question, unless the context indicates
 2.9 otherwise.

2.10 (b) A municipality may revoke its election to participate in the ~~local housing affordable~~
 2.11 homeownership incentive account program to address disparities in homeownership rates
 2.12 between whites and African Americans and African Immigrants and other protected groups.
 2.13 If the revocation occurs by November 15 of any year, it is effective commencing the next
 2.14 calendar year; otherwise it is effective commencing the next succeeding calendar year. After
 2.15 revoking its election to participate in the program, a municipality may again elect to
 2.16 participate in the program according to paragraph (a).

2.17 (c) A municipality that elects to participate may receive grants or loans from the tax
 2.18 base revitalization account, livable communities demonstration account, ~~or~~ the local housing
 2.19 incentive account, or the affordable homeownership incentive account that addresses
 2.20 disparities between whites and African Americans and African Immigrants and other
 2.21 protected groups. A municipality that does not participate is not eligible to receive a grant
 2.22 under sections 116J.551 to 116J.557. The council, when making discretionary funding
 2.23 decisions, shall give consideration to a municipality's participation in the local housing
 2.24 incentives program or the affordable homeownership incentive account that addresses
 2.25 disparities between whites and African Americans and African Immigrants and other
 2.26 protected groups.

2.27 Sec. 3. Minnesota Statutes 2020, section 473.254, is amended by adding a subdivision to
 2.28 read:

2.29 Subd. 2a. **Affordable homeownership priorities.** The affordable homeownership
 2.30 incentive account priorities are:

2.31 (1) increasing affordable homeownership options in areas that are predominantly
 2.32 single-family and have higher sale prices;

3.1 (2) increasing affordable homeownership opportunities focused on servicing African
 3.2 Americans and African Immigrants and other protected groups that own homes in
 3.3 disproportionately lower rates than white households;

3.4 (3) leveraging municipal revenues deposited with financial institutions to influence credit
 3.5 in a useful form to increase affordable homeownership opportunities focused on serving
 3.6 African Americans and African Immigrants and other protected groups that own homes at
 3.7 disproportionately lower rates than white households;

3.8 (4) leveraging municipal purchase of insurance to influence insurance access in a useful
 3.9 form to increase affordable homeownership opportunities focused on serving African
 3.10 Americans and African Immigrants and other protected groups that own homes at
 3.11 disproportionately lower rates than white households; and

3.12 (5) leveraging municipality enforcement of equal opportunity and affirmative action
 3.13 laws under chapters 363A and 473 to increase employment opportunities for protected
 3.14 groups and minority business enterprises in the development of affordable homeownership
 3.15 opportunities focused on serving African Americans and African Immigrants and other
 3.16 protected groups that own homes at disproportionately lower rates than white households.

3.17 Sec. 4. Minnesota Statutes 2020, section 473.254, is amended by adding a subdivision to
 3.18 read:

3.19 Subd. 2b. **Affordable homeownership eligibility.** The commissioner, in collaboration
 3.20 with members of protected groups, shall establish eligibility and homeownership scoring
 3.21 criteria.

3.22 Sec. 5. Minnesota Statutes 2020, section 473.254, subdivision 9, is amended to read:

3.23 **Subd. 9. Report to legislature.** (a) By February 1 of each year, the council must report
 3.24 to the legislature the municipalities that have elected to participate and not to participate
 3.25 under subdivision 1. This report must be filed as provided in section 3.195.

3.26 (b) On or before January 31, 2023, and every January 31 of each year, the commissioner
 3.27 shall submit a report as required under section 3.195 that details the grants awarded under
 3.28 this section to the chairs and ranking minority members of the legislative committees having
 3.29 jurisdiction over capital investment and economic development. The report must include
 3.30 the following information:

3.31 (1) the total number of grants distributed;

3.32 (2) the grantees receiving the grants;

4.1 (3) the services supported by the grants; and

4.2 (4) any other information the commissioner deems pertinent.

4.3 **Sec. 6. APPROPRIATION; AFFORDABLE HOMEOWNERSHIP INCENTIVE**
 4.4 **ACCOUNT.**

4.5 \$..... in fiscal year 2023 is appropriated from the general fund to the Metropolitan
 4.6 Council to create the affordable homeownership incentive account to address disparities in
 4.7 homeownership rates between whites and African Americans and African Immigrants and
 4.8 other protected groups, and to:

4.9 (1) develop a program or policy to provide for regular review of local lending practices
 4.10 for fair housing issues;

4.11 (2) increase funding for homeownership down-payment assistance programs targeted
 4.12 to African Americans, African Immigrants, and other protected groups;

4.13 (3) fund and facilitate credit counseling and credit improvement programs targeted at
 4.14 African Americans, African Immigrants, and other protected groups;

4.15 (4) provide opportunities for African Americans, African Immigrants, and other protected
 4.16 groups on public assistance to transition to homeownership;

4.17 (5) create equal employment opportunities in housing development in the metropolitan
 4.18 area;

4.19 (6) close the homeownership gap between whites and African Americans, African
 4.20 Immigrants, and other protected groups;

4.21 (7) provide equitable wealth creation and transfer for African Americans, African
 4.22 Immigrants, and other protected groups; and

4.23 (8) provide equity in homeownership for African Americans, African Immigrants, and
 4.24 other protected groups.

4.25 **Sec. 7. EFFECTIVE DATE.**

4.26 Sections 1 to 5 are effective August 1, 2022, and section 6 is effective July 1, 2022.