moves to amend H.F. No. 2542 as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2018, section 327C.01, is amended by adding a subdivision to read:

Subd. 8a. Representative acting on behalf of residents. "Representative acting on behalf of residents" means a representative who is authorized to represent residents in the purchase of property for the purposes of this chapter, and has gained that authorization by obtaining the signature of support from at least one resident, as defined by section 327C.01, subdivision 9, from at least 51 percent of the occupied homes in a manufactured home park. The signature of a resident asserting that they are a resident of that manufactured home park shall be presumptive evidence of such claim and shall be exclusive to only one representative acting on behalf of residents.

Sec. 2. Minnesota Statutes 2018, section 327C.095, subdivision 1, is amended to read:

Subdivision 1. Conversion of use; minimum notice. (a) At least 12 months before the conversion of all or a portion of a manufactured home park to another use, or before closure of a manufactured home park or cessation of use of the land as a manufactured home park, the park owner must prepare a closure statement and provide a copy to the commissioners of health and the housing finance agency, the local planning agency, and a resident of each manufactured home where the residential use is being converted. The closure statement must include the following language in a font no smaller than 14 point:

"YOU MAY BE ENTITLED TO COMPENSATION FROM THE MINNESOTA MANUFACTURED HOME RELOCATION TRUST FUND ADMINISTERED BY THE MINNESOTA HOUSING FINANCE AGENCY." A resident may not be required to vacate until 90 days after the conclusion of the public hearing required under subdivision 4. If
2.1 a lot is available in another section of the park that will continue to be operated as a park,
2.2 the park owner must allow the resident to relocate the home to that lot unless the home,
2.3 because of its size or local ordinance, is not compatible with that lot.
2.4 (b) Closure statements issued more than 24 months prior to the park closure must contain
2.5 a closure date. If the closure does not take place within 24 months and the original statement
2.6 does not contain a closure date, the statement must be reissued to the commissioners of
2.7 health and the Housing Finance Agency, the local planning agency, and a resident of each
2.8 manufactured home where the residential use is being converted.
2.9
Sec. 3. Minnesota Statutes 2018, section 327C.095, subdivision 2, is amended to read:
2.10 Subd. 2. Notice of hearing; proposed change in land use. If the planned conversion
2.11 or cessation of operation requires a variance or zoning change, the municipality local
2.12 government authority must mail a notice at least ten days before the hearing to a resident
2.13 of each manufactured home in the park stating the time, place, and purpose of the public
2.14 hearing. The park owner shall provide the municipality local government authority with a
2.15 list of the names and addresses of at least one resident of each manufactured home in the
2.16 park at the time application is made for a variance or zoning change.
2.17
Sec. 4. Minnesota Statutes 2018, section 327C.095, subdivision 3, is amended to read:
2.18 Subd. 3. Closure statement. Upon receipt of the closure statement from the park owner,
2.19 the local planning agency shall submit the closure statement to the governing body of the
2.20 municipality local government authority and request the governing body to schedule a public
2.21 hearing. The municipality local government authority must mail a notice at least ten days
2.22 before the hearing to a resident of each manufactured home in the park stating the time,
2.23 place, and purpose of the public hearing. The park owner shall provide the municipality
2.24 local government authority with a list of the names and addresses of at least one resident
2.25 of each manufactured home in the park at the time the closure statement is submitted to the
2.26 local planning agency.
2.27
Sec. 5. Minnesota Statutes 2018, section 327C.095, subdivision 4, is amended to read:
2.28 Subd. 4. Public hearing; relocation compensation; neutral third party. (a) The
2.29 governing body of the affected municipality local government authority shall hold a public
2.30 hearing to review the closure statement and any impact that the park closing may have on
2.31 the displaced residents and the park owner. At the time of, and in the notice for, the public
2.32 hearing, displaced residents must be informed that they may be eligible for payments from
the Minnesota manufactured home relocation trust fund under section 462A.35 as compensation for reasonable relocation costs under subdivision 13, paragraphs (a) and (e).

(b) The governing body of the municipality local government authority may also require that other parties, including the municipality local government authority, but excluding the park owner or its purchaser, involved in the park closing provide additional compensation to residents to mitigate the adverse financial impact of the park closing upon the residents.

(c) At the public hearing, the municipality local government authority shall appoint a neutral third party, to be agreed upon by both the manufactured home park owner and manufactured home owners, whose hourly cost must be reasonable and paid from the Minnesota manufactured home relocation trust fund. The neutral third party shall act as a paymaster and arbitrator, with decision-making authority to resolve any questions or disputes regarding any contributions or disbursements to and from the Minnesota manufactured home relocation trust fund by either the manufactured home park owner or the manufactured home owners. If the parties cannot agree on a neutral third party, the municipality local government authority shall make a determination.

(d) At the public hearing, the governing body of the local government authority shall make a determination if any ordinance was in effect on May 26, 2007, that would provide compensation to displaced residents and provide this information to the third party neutral to determine the applicable amount of compensation under subdivision 13, paragraph (f).

Sec. 6. Minnesota Statutes 2018, section 327C.095, subdivision 6, is amended to read:

Subd. 6. Intent to convert use of park at time of purchase. (a) Before the execution of an agreement to purchase a manufactured home park, the purchaser must notify the park owner, in writing, if the purchaser intends to close the manufactured home park or convert it to another use within one year of the execution of the agreement. If so, the park owner shall provide a resident of each manufactured home with a 45-day written notice of the purchaser's intent to close the park or convert it to another use and may not enter into a purchase agreement for the sale of the park other than with a representative acting on behalf of residents, until the 45 days have expired. The notice must state that the park owner will promptly provide information on the cash price and the terms and conditions of the purchaser's offer to residents requesting the information. The notice must be sent by first class mail to a resident of each manufactured home in the park and made available in alternative formats or translations if requested by a resident and the request is a reasonable accommodation due to a disability of an adult resident or because there is not an adult resident who is able to speak the language the notice is provided in. The notice period begins
on the postmark date affixed to the notice and ends 45 days after it begins. During the notice period required in this subdivision, the owners of at least 51 percent of the manufactured homes in the park or a nonprofit organization which has the written permission of the owners of at least 51 percent of the manufactured homes in the park to represent them in the acquisition of the park, a representative acting on behalf of residents shall have the right to make an offer to meet the cash price and execute an agreement to purchase the park for the purposes of keeping the park as a manufactured housing community to agree to material terms and conditions set forth in the purchaser's offer and to execute an agreement to purchase the park for the purposes of keeping the park as a manufactured housing community. The park owner must accept the offer if it meets in good faith negotiate a purchase agreement meeting the cash price and the same terms and conditions set forth in the purchaser's offer except that the seller is not obligated to provide owner financing. For purposes of this section, cash price means the cash price offer or equivalent cash offer as defined in section 500.245, subdivision 1, paragraph (d). The purchase agreement must permit the representative a commercially reasonable due diligence period with access by the representative to all information reasonably necessary to make an informed decision regarding the purchase. The representative may be required to enter into a confidentiality agreement regarding such information.

(b) A representative acting on behalf of residents must obtain a bond for ten percent of the offer price upon gaining the required number of signatures to represent the residents in the purchase of a manufactured home park and must maintain the bond for six months. If the representative acting on behalf of the residents is unable to complete the purchase, and the original purchaser withdraws their offer during the 45-day period in paragraph (a), and the manufactured home park is sold to another purchaser for a lower price within six months of the notice to residents in paragraph (a), then the park owner will be compensated from the bond for the difference between the offer made by the original purchaser and the actual lower purchase price.

(c) In the event of a sale to a representative acting on behalf of residents, the representative must certify to the commissioner of commerce that the property will be preserved as a manufactured home park for ten years from the date of the sale.

Sec. 7. Minnesota Statutes 2018, section 327C.095, subdivision 7, is amended to read:

Subd. 7. **Intent to convert Conversion of use of park after purchase.** If the purchaser residents of a manufactured home park decides to convert the park to another use within one year after the purchase of the park, the purchaser must offer the park for purchase by...
the residents of the park have not been provided the written notice of intent to close the park
required by subdivision 6, the purchaser may not provide residents with the notice required
by subdivision 1 until 12 months after the date of purchase. For purposes of this subdivision,
the date of purchase is the date of the transfer of the title to the purchaser. The purchaser
must provide a resident of each manufactured home with a written notice of the intent to
close the park and all of the owners of at least 51 percent of the manufactured homes in the
park or a nonprofit organization which has the written permission of the owners of at least
51 percent of the manufactured homes in the park to represent them in the acquisition of
the park shall have 45 days to execute an agreement for the purchase of the park at a cash
price equal to the original purchase price paid by the purchaser plus any documented expenses
relating to the acquisition and improvement of the park property, together with any increase
in value due to appreciation of the park. The purchaser must execute the purchase agreement
at the price specified in this subdivision and pay the cash price within 90 days of the date
of the purchase agreement. The notice must be sent by first class mail to a resident of each
manufactured home in the park. The notice period begins on the postmark date affixed to
the notice and ends 45 days after it begins.

Sec. 8. Minnesota Statutes 2018, section 327C.095, subdivision 9, is amended to read:

Subd. 9. Effect of noncompliance. If a manufactured home park is finally sold or
converted to another use in violation of subdivision 6 or 7, the residents do not have any
continuing right to purchase the park as a result of that sale or conversion. A violation of
subdivision 6 or 7 is subject to have a right to any remedy provided in section 8.31, except
that relief shall be limited so that questions of marketability of title shall not be affected.

Sec. 9. Minnesota Statutes 2018, section 327C.095, subdivision 11, is amended to read:

Subd. 11. Affidavit of compliance. After a park is sold, a park owner or other person
with personal knowledge bona fide purchaser acting in good faith may record an affidavit
with the county recorder or registrar of titles in the county in which the park is located
certifying compliance with subdivision 6 or 7 or that subdivisions subdivision 6 and 7 are
is not applicable. The affidavit may be used as proof of the facts stated in the affidavit. A
person acquiring an interest in a park or a title insurer or attorney who prepares, furnishes,
or examines evidence of title may rely on the truth and accuracy of statements made in the
affidavit and is not required to inquire further as to the park owner's compliance with
subdivisions 6 and 7. When an affidavit is recorded, the right to purchase provided under
subdivisions 6 and 7 terminate, and if registered property, the registrar of titles shall delete

Sec. 9. 5
the memorials of the notice and affidavit from future certificates of title presumptive evidence of compliance.

Sec. 10. Minnesota Statutes 2018, section 327C.095, subdivision 12, is amended to read:

Subd. 12. Payment to the Minnesota manufactured home relocation trust fund. (a) If a manufactured home owner is required to move due to the conversion of all or a portion of a manufactured home park to another use, the closure of a park, or cessation of use of the land as a manufactured home park, the manufactured park owner shall, upon the change in use, pay to the commissioner of management and budget for deposit in the Minnesota manufactured home relocation trust fund under section 462A.35, the lesser amount of the actual costs of moving or purchasing the manufactured home approved by the neutral third party and paid by the Minnesota Housing Finance Agency under subdivision 13, paragraph (a) or (e), or $3,250 for each single section manufactured home, and $6,000 for each multisection manufactured home, for which a manufactured home owner has made application for payment of relocation costs under subdivision 13, paragraph (c). The manufactured home park owner shall make payments required under this section to the Minnesota manufactured home relocation trust fund within 60 days of receipt of invoice from the neutral third party.

(b) A manufactured home park owner is not required to make the payment prescribed under paragraph (a), nor is a manufactured home owner entitled to compensation under subdivision 13, paragraph (a) or (e), if:

(1) the manufactured home park owner relocates the manufactured home owner to another space in the manufactured home park or to another manufactured home park at the park owner’s expense;

(2) the manufactured home owner is vacating the premises and has informed the manufactured home park owner or manager of this prior to the mailing date of the closure statement under subdivision 1;

(3) a manufactured home owner has abandoned the manufactured home, or the manufactured home owner is not current on the monthly lot rental, personal property taxes;

(4) the manufactured home owner has a pending eviction action for nonpayment of lot rental amount under section 327C.09, which was filed against the manufactured home owner prior to the mailing date of the closure statement under subdivision 1, and the writ of recovery has been ordered by the district court;
(5) the conversion of all or a portion of a manufactured home park to another use, the
 closure of a park, or cessation of use of the land as a manufactured home park is the result
 of a taking or exercise of the power of eminent domain by a governmental entity or public
 utility; or

(6) the owner of the manufactured home is not a resident of the manufactured home
 park, as defined in section 327C.01, subdivision 9, or the owner of the manufactured home
 is a resident, but came to reside in the manufactured home park after the mailing date of
 the closure statement under subdivision 1.

(c) If the unencumbered fund balance in the manufactured home relocation trust fund
 is less than $1,000,000 as of June 30 of each year, the commissioner of
 management and budget shall assess each manufactured home park owner by mail the total
 amount of $15 for each licensed lot in their park, payable on or before September 15 of that
 year. The commissioner of management and budget shall deposit any payments in the
 Minnesota manufactured home relocation trust fund. On or before July 15 of each year, the
 commissioner of management and budget shall prepare and distribute to park owners a letter
 explaining whether funds are being collected for that year, information about the collection,
 an invoice for all licensed lots, and a sample form for the park owners to collect information
 on which park residents have been accounted for. If assessed under this paragraph, the park
 owner may recoup the cost of the $15 assessment as a lump sum or as a monthly fee of no
 more than $1.25 collected from park residents together with monthly lot rent as provided
 in section 327C.03, subdivision 6. Park owners may adjust payment for lots in their park
 that are vacant or otherwise not eligible for contribution to the trust fund under section
 327C.095, subdivision 12, paragraph (b), and deduct from the assessment accordingly.

(d) This subdivision and subdivision 13, paragraph (c), clause (5), are enforceable by
 the neutral third party, on behalf of the Minnesota Housing Finance Agency, or by action
 in a court of appropriate jurisdiction. The court may award a prevailing party reasonable
 attorney fees, court costs, and disbursements.

Sec. 11. Minnesota Statutes 2018, section 327C.095, subdivision 13, is amended to read:

Subd. 13. Change in use, relocation expenses; payments by park owner. (a) If a
 manufactured home owner is required to relocate due to the conversion of all or a portion
 of a manufactured home park to another use, the closure of a manufactured home park, or
 cessation of use of the land as a manufactured home park under subdivision 1, and the
 manufactured home owner complies with the requirements of this section, the manufactured
 home owner is entitled to payment from the Minnesota manufactured home relocation trust
fund equal to the manufactured home owner's actual relocation costs for relocating the
manufactured home to a new location within a 25-mile radius of the park that is being closed, up to a maximum of $7,000 for a single-section and $12,500 for a multisection manufactured home. The actual relocation costs must include the reasonable cost of taking down, moving, and setting up the manufactured home, including equipment rental, utility connection and disconnection charges, minor repairs, modifications necessary for transportation of the home, necessary moving permits and insurance, moving costs for any appurtenances, which meet applicable local, state, and federal building and construction codes.

(b) A manufactured home owner is not entitled to compensation under paragraph (a) if the manufactured home park owner is not required to make a payment to the Minnesota manufactured home relocation trust fund under subdivision 12, paragraph (b).

(c) Except as provided in paragraph (e), in order to obtain payment from the Minnesota manufactured home relocation trust fund, the manufactured home owner shall submit to the neutral third party and the Minnesota Housing Finance Agency, with a copy to the park owner, an application for payment, which includes:

1. a copy of the closure statement under subdivision 1;
2. a copy of the contract with a moving or towing contractor, which includes the relocation costs for relocating the manufactured home;
3. a statement with supporting materials of any additional relocation costs as outlined in subdivision 1;
4. a statement certifying that none of the exceptions to receipt of compensation under subdivision 12, paragraph (b), apply to the manufactured home owner;
5. a statement from the manufactured park owner that the lot rental is current and that the annual $15 payments to the Minnesota manufactured home relocation trust fund have been paid when due; and
6. a statement from the county where the manufactured home is located certifying that personal property taxes for the manufactured home are paid through the end of that year.

(d) If the neutral third party has acted reasonably and does not approve or deny payment within 45 days after receipt of the information set forth in paragraph (c), the payment is deemed approved. Upon approval and request by the neutral third party, the Minnesota Housing Finance Agency shall issue two checks in equal amount for 50 percent of the contract price payable to the mover and towing contractor for relocating the manufactured home.
home in the amount of the actual relocation cost, plus a check to the home owner for
additional certified costs associated with third-party vendors, that were necessary in relocating
the manufactured home. The moving or towing contractor shall receive 50 percent upon
execution of the contract and 50 percent upon completion of the relocation and approval
by the manufactured home owner. The moving or towing contractor may not apply the funds
to any other purpose other than relocation of the manufactured home as provided in the
contract. A copy of the approval must be forwarded by the neutral third party to the park
owner with an invoice for payment of the amount specified in subdivision 12, paragraph
(a).

(e) In lieu of collecting a relocation payment from the Minnesota manufactured home
relocation trust fund under paragraph (a), the manufactured home owner may collect an
amount from the fund after reasonable efforts to relocate the manufactured home have failed
due to the age or condition of the manufactured home, or because there are no manufactured
home parks willing or able to accept the manufactured home within a 25-mile radius. A
manufactured home owner may tender title of the manufactured home in the manufactured
home park to the manufactured home park owner, and collect an amount to be determined
by an independent appraisal. The appraiser must be agreed to by both the manufactured
home park owner and the manufactured home owner. If the appraised market value cannot
be determined, the tax market value, averaged over a period of five years, can be used as a
substitute. The maximum amount that may be reimbursed under the fund is $8,000 for a
single-section and $14,500 for a multisection manufactured home. The minimum amount
that may be reimbursed under the fund is $2,000 for a single section and $4,000 for a
multisection manufactured home. The manufactured home owner shall deliver to the
manufactured home park owner the current certificate of title to the manufactured home
duly endorsed by the owner of record, and valid releases of all liens shown on the certificate
of title, and a statement from the county where the manufactured home is located evidencing
that the personal property taxes have been paid. The manufactured home owner's application
for funds under this paragraph must include a document certifying that the manufactured
home cannot be relocated, that the lot rental is current, that the annual $15 payments to the
Minnesota manufactured home relocation trust fund have been paid when due, that the
manufactured home owner has chosen to tender title under this section, and that the park
owner agrees to make a payment to the commissioner of management and budget in the
amount established in subdivision 12, paragraph (a), less any documented costs submitted
to the neutral third party, required for demolition and removal of the home, and any debris
or refuse left on the lot, not to exceed $1,000. The manufactured home owner must also
provide a copy of the certificate of title endorsed by the owner of record, and certify to the

Sec. 11.
neutral third party, with a copy to the park owner, that none of the exceptions to receipt of
compensation under subdivision 12, paragraph (b), clauses (1) to (6), apply to the
manufactured home owner, and that the home owner will vacate the home within 60 days
after receipt of payment or the date of park closure, whichever is earlier, provided that the
monthly lot rent is kept current.

(f) The Minnesota Housing Finance Agency must make a determination of the amount
of payment a manufactured home owner would have been entitled to under a local ordinance
in effect on May 26, 2007. Notwithstanding paragraph (a), the manufactured home owner's
compensation for relocation costs from the fund under section 462A.35, is the greater of
the amount provided under this subdivision, or the amount under the local ordinance in
effect on May 26, 2007, that is applicable to the manufactured home owner. Nothing in this
paragraph is intended to increase the liability of the park owner.

(g) Neither the neutral third party nor the Minnesota Housing Finance Agency shall be
liable to any person for recovery if the funds in the Minnesota manufactured home relocation
trust fund are insufficient to pay the amounts claimed. The Minnesota Housing Finance
Agency shall keep a record of the time and date of its approval of payment to a claimant.

(h) The agency shall report to the chairs of the senate Finance Committee and house of
representatives Ways and Means Committee by January 15 of each year on the Minnesota
manufactured home relocation trust fund, including the account balance, payments to
claimants, the amount of any advances to the fund, the amount of any insufficiencies
encountered during the previous calendar year, and any administrative charges or expenses
deducted from the trust fund balance. If sufficient funds become available, the Minnesota
Housing Finance Agency shall pay the manufactured home owner whose unpaid claim is
the earliest by time and date of approval.

Sec. 12. Minnesota Statutes 2018, section 462A.05, is amended by adding a subdivision
to read:

Subd. 42. **30-year affordability covenants.** The agency may impose rent, income, or
rent and income restrictions on a multifamily rental housing development as a condition of
agency financing as required in this chapter, or as a condition of an allocation or award of
federal low-income housing tax credits. If the agency imposes rent, income, or rent and
income restrictions on a multifamily rental housing development, the rent, income, or rent
and income restrictions must be contained in a covenant running with the land for at least
30 years. The agency may waive this requirement if it determines a waiver is necessary to
finance an affordable multifamily rental housing development that furthers the policies in this chapter.

EFFECTIVE DATE. This section is effective July 1, 2020, and applies on or after that date to any multifamily rental housing development for which the agency allocates low-income housing tax credits or funding, or with which the agency enters into a financing or grant agreement.

Sec. 13. Minnesota Statutes 2018, section 462A.222, subdivision 3, is amended to read:

Subd. 3. Allocation procedure. (a) Projects will be awarded tax credits in two competitive rounds on an annual basis. The date for applications for each round must be determined by the agency. No allocating agency may award tax credits prior to the application dates established by the agency.

(b) Each allocating agency must meet the requirements of section 42(m) of the Internal Revenue Code of 1986, as amended through December 31, 1989, for the allocation of tax credits and the selection of projects.

(c) For projects that are eligible for an allocation of credits pursuant to section 42(h)(4) of the Internal Revenue Code of 1986, as amended, tax credits may only be allocated if the project satisfies the requirements of the allocating agency's qualified allocation plan. For projects that are eligible for an allocation of credits pursuant to section 42(h)(4) of the Internal Revenue Code of 1986, as amended, for which the agency is the issuer of the bonds for the project, or the issuer of the bonds for the project is located outside the jurisdiction of a city or county that has received reserved tax credits, the applicable allocation plan is the agency's qualified allocation plan.

(d) To maximize the resources available for and increase the supply of affordable housing in Minnesota by leveraging the benefits to Minnesota from the use of tax-exempt bonds to finance multifamily housing and to allow local units of government more flexibility to address specific affordable housing needs in their communities, the agency shall make residential rental housing projects financed with an allocation of tax-exempt bonds under chapter 474A the highest strategic priority for tax credits under the agency's qualified allocation plan under section 42(m)(1)(D) of the Internal Revenue Code of 1986, as amended.

(2) For projects eligible for an allocation of tax credits under section 42(h)(4) of the Internal Revenue Code of 1986, as amended, the agency's qualified allocation plan and other related agency guidance and requirements:
(i) shall not include any selection criteria other than (A) the criteria of section 42(m)(1)(C) of the Internal Revenue Code of 1986, as amended, and (B) whether the project has received an allocation of tax-exempt bonds under chapter 474A, with subitem (B) as the most important criteria;

(ii) shall grant projects receiving an allocation of tax-exempt bonds under chapter 474A the highest possible preference and, to the extent applicable, ahead of any preference described in section 42(m)(1)(B) of the Internal Revenue Code of 1986, as amended;

(iii) shall exclude any per-unit cost limitations, cost reasonableness, or other similar restrictions for residential rental housing projects financed with an allocation of tax-exempt bonds under chapter 474A; and

(iv) shall not adopt or impose any additional rules, requirements, regulations, or restrictions other than those required by section 42 of the Internal Revenue Code of 1986, as amended, regarding the allocation of credits.

Each developer of a residential rental housing project that has received an allocation of tax-exempt bonds under chapter 474A and the proposed issuer of such tax-exempt bonds shall have standing to challenge the agency's qualified allocation plan for failure to comply with this clause.

In the event of any conflict or inconsistency between this paragraph and section 462A.04, the provisions of this paragraph shall govern and control. The provisions of paragraph (d) shall not apply to any allocating agency other than the agency.

(e) For applications submitted for the first round, an allocating agency may allocate tax credits only to the following types of projects:

(1) in the metropolitan area:

(i) new construction or substantial rehabilitation of projects in which, for the term of the extended use period, at least 75 percent of the total tax credit units are single-room occupancy, efficiency, or one bedroom units and which are affordable by households whose income does not exceed 30 percent of the median income;

(ii) new construction or substantial rehabilitation family housing projects that are not restricted to persons who are 55 years of age or older and in which, for the term of the extended use period, at least 75 percent of the tax credit units contain two or more bedrooms and at least one-third of the 75 percent contain three or more bedrooms; or

(iii) substantial rehabilitation projects in neighborhoods targeted by the city for revitalization;
(2) outside the metropolitan area, projects which meet a locally identified housing need and which are in short supply in the local housing market as evidenced by credible data submitted with the application;

(3) projects that are not restricted to persons of a particular age group and in which, for the term of the extended use period, a percentage of the units are set aside and rented to persons:

(i) with a serious and persistent mental illness as defined in section 245.462, subdivision 20, paragraph (c);

(ii) with a developmental disability as defined in United States Code, title 42, section 6001, paragraph (5), as amended through December 31, 1990;

(iii) who have been assessed as drug dependent persons as defined in section 254A.02, subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in section 254A.02, subdivision 2;

(iv) with a brain injury as defined in section 256B.093, subdivision 4, paragraph (a); or

(v) with permanent physical disabilities that substantially limit one or more major life activities, if at least 50 percent of the units in the project are accessible as provided under Minnesota Rules, chapter 1340;

(4) projects, whether or not restricted to persons of a particular age group, which preserve existing subsidized housing, if the use of tax credits is necessary to prevent conversion to market rate use or to remedy physical deterioration of the project which would result in loss of existing federal subsidies; or

(5) projects financed by the Farmers Home Administration, or its successor agency, which meet statewide distribution goals.

(f) Before the date for applications for the final round, the allocating agencies other than the agency shall return all uncommitted and unallocated tax credits to a unified pool for allocation by the agency on a statewide basis.

(g) Unused portions of the state ceiling for low-income housing tax credits reserved to cities and counties for allocation may be returned at any time to the agency for allocation.

(h) If an allocating agency determines, at any time after the initial commitment or allocation for a specific project, that a project is no longer eligible for all or a portion of the low-income housing tax credits committed or allocated to the project, the credits must be transferred to the agency to be reallocated pursuant to the procedures established in
paragraphs (f) to (h); provided that if the tax credits for which the project is no longer eligible
are from the current year's annual ceiling and the allocating agency maintains a waiting list,
the allocating agency may continue to commit or allocate the credits until not later than the
date of applications for the final round, at which time any uncommitted credits must be
transferred to the agency.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 14. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision
to read:

Subd. 1a. **Aggregate bond limitation.** "Aggregate bond limitation" means up to 55
percent of the reasonably expected aggregate basis of a residential rental project and the
land on which the project is or will be located.

Sec. 15. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision
to read:

Subd. 1b. **AMI.** "AMI" means the area median income for the applicable county or
metropolitan area as published by the Department of Housing and Urban Development, as
adjusted for household size.

Sec. 16. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision
to read:

Subd. 12a. **LIHTC.** "LIHTC" means low-income housing tax credits under section 42
of the Internal Revenue Code of 1986, as amended.

Sec. 17. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision
to read:

Subd. 21a. **Preservation project.** "Preservation project" means any residential rental
project, regardless of whether or not such project is restricted to persons of a certain age or
older, that is expected to generate low-income housing tax credits under section 42 of the
Internal Revenue Code of 1986, as amended, and (1) receives federal project-based rental
assistance, or (2) is funded through a loan from or guaranteed by the United States
Department of Agriculture's Rural Development Program. In addition, to qualify as a
preservation project, the amount of bonds requested in the application must not exceed the
aggregate bond limitation.
Sec. 18. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to read:

Subd. 30. **30 percent AMI residential rental project.** "30 percent AMI residential rental project" means a residential rental project that does not otherwise qualify as a preservation project, is expected to generate low-income housing tax credits under section 42 of the Internal Revenue Code of 1986, as amended, from 100 percent of its residential units, and in which:

1. All the residential units of the project:
   (i) are reserved for tenants whose income, on average, is 30 percent of AMI or less;
   (ii) are rent-restricted in accordance with section 42(g)(2) of the Internal Revenue Code of 1986, as amended; and
   (iii) are subject to rent and income restrictions for a period of not less than 30 years; or
2. (i) is located outside of the metropolitan area as defined in section 473.121, subdivision 2, and within a county or metropolitan area that has a current median area gross income that is less than the statewide area median income for Minnesota;
   (ii) all of the units of the project are rent-restricted in accordance with section 42(g)(2) of the Internal Revenue Code of 1986, as amended; and
   (iii) all of the units of the project are subject to the applicable rent and income restrictions for a period of not less than 30 years.

In addition, to qualify as a 30 percent AMI residential project, the amount of bonds requested in the application must not exceed the aggregate bond limitation.

For purposes of this subdivision, "on average" means the average of the applicable income limitation level for a project determined on a unit-by-unit basis e.g., a project with one-half of its units subject to income limitations of not greater than 20 percent AMI and one-half subject to income limitations of not greater than 40 percent AMI would be subject to an income limitation on average of not greater than 30 percent AMI.

Sec. 19. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to read:

Subd. 31. **50 percent AMI residential rental project.** "50 percent AMI residential rental project" means a residential rental project that does not qualify as a preservation project or 30 percent AMI residential rental project, is expected to generate low-income...
housing tax credits under section 42 of the Internal Revenue Code of 1986, as amended, from 100 percent of its residential units, and in which all the residential units of the project:

1. are reserved for tenants whose income, on average, is 50 percent of AMI or less;
2. are rent-restricted in accordance with section 42(g)(2) of the Internal Revenue Code of 1986, as amended; and
3. are subject to rent and income restrictions for a period of not less than 30 years.

In addition, to qualify as a 50 percent AMI residential rental project, the amount of bonds requested in the application must not exceed the aggregate bond limitation.

For purposes of this subdivision, "on average" means the average of the applicable income limitation level for a project determined on a unit-by-unit basis e.g., a project with one-half of its units subject to income limitations of not greater than 40 percent AMI and one-half subject to income limitations of not greater than 60 percent AMI would be subject to an income limitation on average of not greater than 50 percent AMI.

Sec. 20. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to read:

Subd. 32. 100 percent LIHTC project. "100 percent LIHTC project" means a residential rental project that is expected to generate low-income housing tax credits under section 42 of the Internal Revenue Code of 1986, as amended, from 100 percent of its residential units and does not otherwise qualify as a preservation project, 30 percent AMI residential rental project, or 50 percent AMI residential rental project. In addition, to qualify as a 100 percent LIHTC project, the amount of bonds requested in the application must not exceed the aggregate bond limitation.

Sec. 21. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to read:

Subd. 33. 20 percent LIHTC project. "20 percent LIHTC project" means a residential rental project that is expected to generate low-income housing tax credits under section 42 of the Internal Revenue Code of 1986, as amended, from at least 20 percent of its residential units and does not otherwise qualify as a preservation project, 30 percent AMI residential rental project, 50 percent AMI residential rental project, or 100 percent LIHTC project. In addition, to qualify as a 20 percent LIHTC project, the amount of bonds requested in the application must not exceed the aggregate bond limitation.
Sec. 22. Minnesota Statutes 2018, section 474A.03, subdivision 1, is amended to read:

Subdivision 1. **Under federal tax law; allocations.** At the beginning of each calendar year after December 31, 2001, the commissioner shall determine the aggregate dollar amount of the annual volume cap under federal tax law for the calendar year, and of this amount the commissioner shall make the following allocation:

1. $74,530,000 to the small issue pool;
2. $122,060,000 to the housing pool, of which 31 percent of the adjusted allocation is reserved until the last Monday in July for single-family housing programs;
3. $12,750,000 to the public facilities pool; and
4. amounts to be allocated as provided in subdivision 2a.

If the annual volume cap is greater or less than the amount of bonding authority allocated under clauses (1) to (4) and subdivision 2a, paragraph (a), clauses (1) to (4), the allocation must be adjusted so that each adjusted allocation is the same percentage of the annual volume cap as each original allocation is of the total bonding authority originally allocated.

Sec. 23. Minnesota Statutes 2018, section 474A.04, subdivision 1a, is amended to read:

Subd. 1a. **Entitlement reservations.** Any amount returned by an entitlement issuer before July 1 shall be reallocated through the housing pool. Any amount returned on or after July 1 shall be reallocated through the unified pool. An amount returned after the last Monday in November shall be reallocated to the Minnesota Housing Finance Agency.

Sec. 24. Minnesota Statutes 2018, section 474A.061, subdivision 1, is amended to read:

Subdivision 1. **Allocation application; small issue pool and public facilities pool.** (a) For any requested allocations from the small issue pool and the public facilities pool, an issuer may apply for an allocation under this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code, (3) the type of qualified bonds to be issued, (4) an application deposit in the amount of one percent of the requested allocation before the last Monday in July, or in the amount of two percent of the requested allocation on or after the last Monday in July, and (5) a public purpose scoring worksheet for manufacturing project and enterprise zone facility project applications, and (6) for residential rental projects, a statement from the applicant or bond counsel as to whether the project preserves existing federally subsidized housing for residential rental.
project applications and whether the project is restricted to persons who are 55 years of age or older. The issuer must pay the application deposit by a check made payable to the Department of Management and Budget. The Minnesota Housing Finance Agency, the Minnesota Rural Finance Authority, and the Minnesota Office of Higher Education may apply for and receive an allocation under this section without submitting an application deposit.

(b) An entitlement issuer may not apply for an allocation from the public facilities pool under this subdivision unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount of bonding authority carried forward from previous years or returned for reallocation all of its unused entitlement allocation. An entitlement issuer may not apply for an allocation from the housing pool unless it either has permanently issued bonds equal to any amount of bonding authority carried forward from a previous year or has returned for reallocation any unused bonding authority carried forward from a previous year. For purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6. This paragraph does not apply to an application from the Minnesota Housing Finance Agency for an allocation under subdivision 2a for cities who choose to have the agency issue bonds on their behalf.

(c) If an application is rejected under this section, the commissioner must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted. The granting of an allocation of bonding authority under this section must be evidenced by a certificate of allocation.

Sec. 25. Minnesota Statutes 2018, section 474A.061, is amended by adding a subdivision to read:

Subd. 1a. Allocation application; housing pool. (a) For any requested allocations from the housing pool, an issuer may apply for an allocation under this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code, (3) an application deposit in the amount of two percent of the requested allocation, (4) a sworn statement from the applicant identifying the project as either a preservation project, 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100 percent LIHTC project, 20 percent LIHTC project, or any other residential rental project, and (5) a certification from the applicant or its accountant stating whether the requested allocation
19.1 exceeds the aggregate bond limitation. The issuer must pay the application deposit to the Department of Management and Budget. The Minnesota Housing Finance Agency may apply for and receive an allocation under this section without submitting an application deposit.

(b) An entitlement issuer may not apply for an allocation from the housing pool unless it either has permanently issued bonds equal to any amount of bonding authority carried forward from a previous year or has returned for reallocation any unused bonding authority carried forward from a previous year. For purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6. This paragraph does not apply to an application from the Minnesota Housing Finance Agency for an allocation under subdivision 2a for cities who choose to have the agency issue bonds on the city's behalf.

(c) If an application is rejected under this section, the commissioner must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted. The granting of an allocation of bonding authority under this section must be evidenced by a certificate of allocation.

Sec. 26. Minnesota Statutes 2018, section 474A.061, subdivision 2a, is amended to read:

Subd. 2a. Housing pool allocation. (a) Commencing on the second Tuesday in January and continuing on each Monday through July 15 the end of June, the commissioner shall allocate available bonding authority from the housing pool to applications received on or before the Monday of the preceding week for residential rental projects that meet the eligibility criteria under section 474A.047. Allocations of available bonding authority from the housing pool for eligible residential rental projects shall be awarded in the following order of priority: (1) projects that preserve existing federally subsidized housing; (2) projects that are not restricted to persons who are 55 years of age or older; and (3) other residential rental projects. Prior to May 15, no allocation shall be made to a project restricted to persons who are 55 years of age or older.

(1) preservation projects;

(2) 30 percent AMI residential rental projects;

(3) 50 percent AMI residential rental projects;

(4) 100 percent LIHTC projects;

(5) 20 percent LIHTC projects; and
(6) other residential rental projects for which the amount of bonds requested in their respective applications do not exceed the aggregate bond limitation.

If an issuer that receives an allocation under this paragraph does not issue obligations equal to all or a portion of the allocation received within 120 days of the allocation or returns the allocation to the commissioner, the amount of the allocation is canceled and returned for reallocation through the housing pool or to the unified pool after July 15. If there are two or more applications for residential rental projects at the same priority level and there is insufficient bonding authority to provide allocations for all the projects in any one allocation period, available bonding authority shall be randomly awarded by lot but only for projects that can receive the full amount of their respective requested allocations. If a residential rental project does not receive any of its requested allocation pursuant to this paragraph and the project applies in the future to the housing pool or unified pool for additional allocation of bonds, the project shall be fully funded up to its original application request for bonding authority before any new project, applying in the same allocation period, that has an equal priority shall receive bonding authority. An issuer that receives an allocation under this paragraph must issue obligations equal to all or a portion of the allocation received on or before the later of 180 days of the allocation or within 18 months after the allocation date if the applicant submits an additional application deposit equal to one percent of the allocation amount on or prior to 180 days after the allocation date. If an issuer that receives an allocation under this paragraph does not issue obligations equal to all or a portion of the allocation received within the time period provided in this paragraph or returns the allocation to the commissioner, the amount of the allocation is canceled and returned for reallocation through the housing pool or to the unified pool after July 1. If an issuer that receives an allocation under this paragraph issues obligations within the time period provided in this paragraph, the commissioner shall refund 50 percent of any application deposit previously paid within 30 days of the issuance of the obligations and the remaining 50 percent of the application deposit within 30 days after completion of construction of the project.

(b) After January 1, and through January 15, The Minnesota Housing Finance Agency may accept applications from cities for single-family housing programs which meet program requirements as follows:

(1) the housing program must meet a locally identified housing need and be economically viable;

(2) the adjusted income of home buyers may not exceed 80 percent of the greater of AMI; statewide or area median income as published by the Department of Housing and Urban Development, adjusted for household size;
(3) house price limits may not exceed the federal price limits established for mortgage
revenue bond programs. Data on the home purchase price amount, mortgage amount, income,
household size, and race of the households served in the previous year's single-family
housing program, if any, must be included in each application; and

(4) for applicants who choose to have the agency issue bonds on their behalf, an
application fee pursuant to section 474A.03, subdivision 4, and an application deposit equal
to one percent of the requested allocation must be submitted to the Minnesota Housing
Finance Agency before the agency forwards the list specifying the amounts allocated to the
commissioner under paragraph (d). The agency shall submit the city's application fee and
application deposit to the commissioner when requesting an allocation from the housing
pool.

Applications by a consortium shall include the name of each member of the consortium
and the amount of allocation requested by each member.

(c) Any amounts remaining in the housing pool after July 15 are available for
single-family housing programs for cities that applied in January and received an allocation
under this section in the same calendar year. For a city that chooses to issue bonds on its
own behalf or pursuant to a joint powers agreement, the agency must allot available bonding
authority based on the formula in paragraphs (d) and (f). Allocations will be made loan by
loan, on a first-come, first-served basis among cities on whose behalf the Minnesota Housing
Finance Agency issues bonds.

Any city that received an allocation pursuant to paragraph (f) in the same calendar year
that wishes to issue bonds on its own behalf or pursuant to a joint powers agreement for an
amount becoming available for single-family housing programs after July 15 shall notify
the Minnesota Housing Finance Agency by July 15. The Minnesota Housing Finance
Agency shall notify each city making a request of the amount of its allocation within three
business days after July 15. The city must comply with paragraph (f).

For purposes of paragraphs (a) to (h), "city" means a county or a consortium of local
government units that agree through a joint powers agreement to apply together for
single-family housing programs, and has the meaning given it in section 462C.02, subdivision

(d) The total amount of allocation for mortgage bonds for one city is limited to the lesser
of: (i) the amount requested, or (ii) the product of the total amount available for mortgage
bonds from the housing pool, multiplied by the ratio of each applicant's population as
determined by the most recent estimate of the city's population released by the state.
demographer's office to the total of all the applicants' population, except that each applicant shall be allocated a minimum of $100,000 regardless of the amount requested or the amount determined under the formula in clause (ii). If a city applying for an allocation is located within a county that has also applied for an allocation, the city's population will be deducted from the county's population in calculating the amount of allocations under this paragraph.

Upon determining the amount of each applicant's allocation, the agency shall forward to the commissioner a list specifying the amounts allotted to each application with all application fees and deposits from applicants who choose to have the agency issue bonds on their behalf.

Total allocations from the housing pool for single-family housing programs may not exceed 31 percent of the adjusted allocation to the housing pool until after July 31.

(e) The agency may issue bonds on behalf of participating cities. The agency shall request an allocation from the commissioner for all applicants who choose to have the agency issue bonds on their behalf and the commissioner shall allocate the requested amount to the agency. The agency may request an allocation at any time after the second Tuesday in January and through the last Monday in July. After awarding an allocation and receiving a notice of issuance for the mortgage bonds issued on behalf of the participating cities, the commissioner shall transfer the application deposits to the Minnesota Housing Finance Agency to be returned to the participating cities. The Minnesota Housing Finance Agency shall return any application deposit to a city that paid an application deposit under paragraph (b), clause (4), but was not part of the list forwarded to the commissioner under paragraph (d).

(f) A city may choose to issue bonds on its own behalf or through a joint powers agreement and may request an allocation from the commissioner by forwarding an application with an application fee pursuant to section 474A.03, subdivision 4, and a one percent application deposit to the commissioner no later than the Monday of the week preceding an allocation. If the total amount requested by all applicants exceeds the amount available in the pool, the city may not receive a greater allocation than the amount it would have received under the list forwarded by the Minnesota Housing Finance Agency to the commissioner. No city may request or receive an allocation from the commissioner until the list under paragraph (d) has been forwarded to the commissioner. A city must request an allocation from the commissioner no later than the last Monday in July. No city may receive an allocation from the housing pool for mortgage bonds which has not first applied to the Minnesota Housing Finance Agency. The commissioner shall allocate the requested amount to the city or cities subject to the limitations under this paragraph.
If a city issues mortgage bonds from an allocation received under this paragraph, the issuer must provide for the recycling of funds into new loans. If the issuer is not able to provide for recycling, the issuer must notify the commissioner in writing of the reason that recycling was not possible and the reason the issuer elected not to have the Minnesota Housing Finance Agency issue the bonds. "Recycling" means the use of money generated from the repayment and prepayment of loans for further eligible loans or for the redemption of bonds and the issuance of current refunding bonds.

(g) No entitlement city or county or city in an entitlement county may apply for or be allocated authority to issue mortgage bonds or use mortgage credit certificates from the housing pool. No city in an entitlement county may apply for or be allocated authority to issue residential rental bonds from the housing pool or the unified pool.

(h) A city that does not use at least 50 percent of its allotment by the date applications are due for the first allocation that is made from the housing pool for single-family housing programs in the immediately succeeding calendar year may not apply to the housing pool for a single-family mortgage bond or mortgage credit certificate program allocation that exceeds the amount of its allotment for the preceding year that was used by the city in the immediately preceding year or receive an allotment from the housing pool in the succeeding calendar year that exceeds the amount of its allotment for the preceding year that was used in the preceding year. The minimum allotment is $100,000 for an allocation made prior to July 1, regardless of the amount used in the preceding calendar year, except that a city whose allocation in the preceding year was the minimum amount of $100,000 and who did not use at least 50 percent of its allocation from the preceding year is ineligible for an allocation in the immediate succeeding calendar year. Each local government unit in a consortium must meet the requirements of this paragraph.

Sec. 27. Minnesota Statutes 2018, section 474A.061, subdivision 2b, is amended to read:

Subd. 2b. Small issue pool allocation. Commencing on the second Tuesday in January and continuing on each Monday through the last Monday in July, the commissioner shall allocate available bonding authority from the small issue pool to applications received on or before the Monday of the preceding week for manufacturing projects and enterprise zone facility projects. From the second Tuesday in January through the last Monday in July, the commissioner shall reserve $5,000,000 of the available bonding authority from the small issue pool for applications for agricultural development bond loan projects of the Minnesota Rural Finance Authority.
Beginning in calendar year 2002, on the second Tuesday in January through the last
Monday in July, the commissioner shall reserve $10,000,000 of available bonding
authority in the small issue pool for applications for student loan bonds of or on behalf of
the Minnesota Office of Higher Education. The total amount of allocations for student loan
bonds from the small issue pool may not exceed $10,000,000 per year.

The commissioner shall reserve $10,000,000 until the day after the last Monday in
February, $10,000,000 until the day after the last Monday in April, and $10,000,000 until
the day after the last Monday in June in the small issue pool for enterprise zone facility
projects and manufacturing projects. The amount of allocation provided to an issuer for a
specific enterprise zone facility project or manufacturing project will be based on the number
of points received for the proposed project under the scoring system under section 474A.045.

If there are two or more applications for manufacturing and enterprise zone facility
projects from the small issue pool and there is insufficient bonding authority to provide
allocations for all projects in any one week, the available bonding authority shall be awarded
based on the number of points awarded a project under section 474A.045, with those projects
receiving the greatest number of points receiving allocation first. If two or more applications
receive an equal number of points, available bonding authority shall be awarded by lot
unless otherwise agreed to by the respective issuers.

Sec. 28. Minnesota Statutes 2018, section 474A.061, subdivision 2c, is amended to read:

Subd. 2c. Public facilities pool allocation. From the beginning of the calendar year and
continuing for a period of 120 days, the commissioner shall reserve $5,000,000 of the
available bonding authority from the public facilities pool for applications for public facilities
projects to be financed by the Western Lake Superior Sanitary District. Commencing on
the second Tuesday in January and continuing on each Monday through the last Monday
in July, the commissioner shall allocate available bonding authority from the public
facilities pool to applications for eligible public facilities projects received on or before the
Monday of the preceding week. If there are two or more applications for public facilities
projects from the pool and there is insufficient available bonding authority to provide
allocations for all projects in any one week, the available bonding authority shall be awarded
by lot unless otherwise agreed to by the respective issuers.

Sec. 29. Minnesota Statutes 2018, section 474A.061, subdivision 4, is amended to read:

Subd. 4. Return of allocation; deposit refund for small issue pool or public facilities
pool. (a) For any requested allocations from the small issue pool or the public facilities
pool. If an issuer that receives an allocation under this section determines that it will not
issue obligations equal to all or a portion of the allocation received under this section within
120 days of allocation or within the time period permitted by federal tax law, whichever is
less, the issuer must notify the department. If the issuer notifies the department or the 120-day
period since allocation has expired prior to the last Monday in July June, the amount of
allocation is canceled and returned for reallocation through the pool from which it was
originally allocated. If the issuer notifies the department or the 120-day period since allocation
has expired on or after the last Monday in July June, the amount of allocation is canceled
and returned for reallocation through the unified pool. If the issuer notifies the department
after the last Monday in November, the amount of allocation is canceled and returned for
reallocation to the Minnesota Housing Finance Agency. To encourage a competitive
application process, the commissioner shall reserve, for new applications, the amount of
allocation that is canceled and returned for reallocation under this section for a minimum
of seven calendar days.

(b) An issuer that returns for reallocation all or a portion of an allocation received under
this section subdivision within 120 days of allocation shall receive within 30 days a refund
equal to:

(1) one-half of the application deposit for the amount of bonding authority returned
within 30 days of receiving allocation;

(2) one-fourth of the application deposit for the amount of bonding authority returned
between 31 and 60 days of receiving allocation; and

(3) one-eighth of the application deposit for the amount of bonding authority returned
between 61 and 120 days of receiving allocation.

(c) No refund shall be available for allocations returned 120 or more days after receiving
the allocation or beyond the last Monday in November.

Sec. 30. Minnesota Statutes 2018, section 474A.061, is amended by adding a subdivision
to read:

Subd. 7. Return of allocation; deposit refund for housing pool. (a) For any requested
allocations from the housing pool, if an issuer that receives an allocation under this section
determines that it will not issue obligations equal to all or a portion of the allocation received
under this section within the time period provided under section 474A.061, subdivision 2a,
paragraph (a), or within the time period permitted by federal tax law, whichever is less, the
issuer must notify the department. If the issuer notifies the department or the time period
provided under section 474A.061, subdivision 2a, paragraph (a), has expired prior to the
last Monday in June, the amount of allocation is canceled and returned for reallocation
through the pool from which it was originally allocated. If the issuer notifies the department
or the time period provided under section 474A.061, subdivision 2a, paragraph (a), has
expired on or after the last Monday in June, the amount of allocation is canceled and returned
for reallocation through the unified pool. If the issuer notifies the department after the last
Monday in November, the amount of allocation is canceled and returned for reallocation
to the Minnesota Housing Finance Agency. To encourage a competitive application process,
the commissioner shall reserve, for new applications, the amount of allocation that is canceled
and returned for reallocation under this section for a minimum of seven calendar days.

(b) An issuer that returns for reallocation all or a portion of an allocation received under
this subdivision within 180 days of allocation shall receive within 30 days a refund equal
to:

(1) one-half of the application deposit for the amount of bonding authority returned
within 45 days of receiving allocation;

(2) one-fourth of the application deposit for the amount of bonding authority returned
between 46 and 90 days of receiving allocation; and

(3) one-eighth of the application deposit for the amount of bonding authority returned
between 91 and 180 days of receiving allocation.

(c) No refund shall be available for allocations returned 180 or more days after receiving
the allocation or beyond the last Monday in November.

Sec. 31. Minnesota Statutes 2018, section 474A.062, is amended to read:

474A.062 MINNESOTA OFFICE OF HIGHER EDUCATION 120-DAY ISSUANCE
EXEMPTION.

The Minnesota Office of Higher Education is exempt from the 120-day time limitation on issuance requirements of bonds set forth in this chapter and may carry forward
allocations for student loan bonds, subject to carryforward notice requirements of section
474A.131, subdivision 2.

Sec. 32. Minnesota Statutes 2018, section 474A.091, subdivision 1, is amended to read:

Subdivision 1. Unified pool amount. On the day after the last Monday in July of any
bonding authority remaining unallocated from the small issue pool, the housing pool, and

Sec. 32. 26
the public facilities pool is transferred to the unified pool and must be reallocated as provided
in this section.

Sec. 33. Minnesota Statutes 2018, section 474A.091, subdivision 2, is amended to read:

Subd. 2. Application. (a) Issuers may apply for an allocation for residential rental bonds
under this section by submitting to the department an application on forms provided by the
department accompanied by:

(1) a preliminary resolution;

(2) a statement of bond counsel that the proposed issue of obligations requires an
allocation under this chapter and the Internal Revenue Code;

(3) the type of qualified bonds to be issued, (4) an application deposit in the amount of
two percent of the requested allocation, (5) a public purpose scoring worksheet for
manufacturing and enterprise zone applications, and (6) for residential rental projects, a
statement from the applicant or bond counsel as to whether the project preserves existing
federally subsidized housing and whether the project is restricted to persons who are 55
years of age or older.

(4) a sworn statement from the applicant identifying the project as a preservation project,
30 percent AMI residential rental project, 50 percent AMI residential rental project, 100
percent LIHTC project, 20 percent LIHTC project, or any other residential rental project;
and

(5) a certification from the applicant or its accountant stating whether the requested
allocation exceeds the aggregate bond limitation.

The issuer must pay the application deposit by check to the Department of Management
and Budget. An entitlement issuer may not apply for an allocation for public facility bonds,
residential rental project bonds, or mortgage bonds under this section unless it has either
permanently issued bonds equal to the amount of its entitlement allocation for the current
year plus any amount carried forward from previous years or returned for reallocation all
of its unused entitlement allocation. For purposes of this subdivision, its entitlement allocation
includes an amount obtained under section 474A.04, subdivision 6.

(b) An issuer that receives an allocation under this subdivision must issue obligations
equal to all or a portion of the allocation received on or before the later of 180 days of the
allocation or within 18 months after the allocation date if the applicant submits an additional
application deposit equal to one percent of the allocation amount on or prior to 180 days
after the allocation date. If an issuer that receives an allocation under this subdivision does
not issue obligations equal to all or a portion of the allocation received within the time
period provided in this paragraph or returns the allocation to the commissioner, the amount
of the allocation is canceled and returned for reallocation through the unified pool. If an
issuer that receives an allocation under this subdivision issues obligations within the time
period provided in this paragraph, the commissioner shall refund 50 percent of any application
deposit previously paid within 30 days of the issuance of the obligations and the remaining
50 percent of the application deposit within 30 days after completion of construction of the
project.

(c) Notwithstanding the restrictions imposed on entitlement issuers under this subdivision,
the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds
under this section prior to the first Monday in October, but may be awarded allocations for
mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota
Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota
Rural Finance Authority may apply for and receive an allocation under this section without
submitting an application deposit.

Sec. 34. Minnesota Statutes 2018, section 474A.091, is amended by adding a subdivision
to read:

Subd. 2a. Application for all other types of qualified bonds. (a) Issuers may apply
for an allocation for all types of qualified bonds other than residential rental bonds under
this section by submitting to the department an application on forms provided by the
department accompanied by:

(1) a preliminary resolution;

(2) a statement of bond counsel that the proposed issue of obligations requires an
allocation under this chapter and the Internal Revenue Code;

(3) the type of qualified bonds to be issued;

(4) an application deposit in the amount of two percent of the requested allocation; and

(5) a public purpose scoring worksheet for manufacturing and enterprise zone
applications.

The issuer must pay the application deposit by check. An entitlement issuer may not apply
for an allocation for public facility bonds or mortgage bonds under this section unless it has
either permanently issued bonds equal to the amount of its entitlement allocation for the
current year plus any amount carried forward from previous years or returned for reallocation
all of its unused entitlement allocation. For purposes of this subdivision, an entitlement
allocation includes an amount obtained under section 474A.04, subdivision 6.

(b) Notwithstanding the restrictions imposed on entitlement issuers under this subdivision,
the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds
under this section prior to the first Monday in October, but may be awarded allocations for
mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota
Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota
Rural Finance Authority may apply for and receive an allocation under this section without
submitting an application deposit.

Sec. 35. Minnesota Statutes 2018, section 474A.091, subdivision 3, is amended to read:

Subd. 3. Allocation procedure. (a) The commissioner shall allocate available bonding
authority under this section on the Monday of every other week beginning with the first
Monday in August through and on the last Monday in November. Applications for
allocations must be received by the department by 4:30 p.m. on the Monday preceding the
Monday on which allocations are to be made. If a Monday falls on a holiday, the allocation
will be made or the applications must be received by the next business day after the holiday.

(b) Prior to October 1, only the following applications shall be awarded allocations from
the unified pool. Allocations shall be awarded in the following order of priority:

(1) applications for residential rental project bonds;

(2) applications for small issue bonds for manufacturing projects; and

(3) applications for small issue bonds for agricultural development bond loan projects.

(c) On the first Monday in October through the last Monday in November, allocations
shall be awarded from the unified pool in the following order of priority:

(1) applications for student loan bonds issued by or on behalf of the Minnesota Office
of Higher Education;

(2) applications for mortgage bonds;

(3) applications for public facility projects funded by public facility bonds;

(4) applications for small issue bonds for manufacturing projects;

(5) applications for small issue bonds for agricultural development bond loan projects;

(6) applications for residential rental project bonds;

(7) applications for enterprise zone facility bonds;
(8) applications for governmental bonds; and

(9) applications for redevelopment bonds.

(d) If there are two or more applications for manufacturing projects from the unified pool and there is insufficient bonding authority to provide allocations for all manufacturing projects in any one allocation period, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045 with those projects receiving the greatest number of points receiving allocation first. If two or more applications for manufacturing projects receive an equal amount of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

e) If there are two or more applications for enterprise zone facility projects from the unified pool and there is insufficient bonding authority to provide allocations for all enterprise zone facility projects in any one allocation period, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045 with those projects receiving the greatest number of points receiving allocation first. If two or more applications for enterprise zone facility projects receive an equal amount of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

(f) If there are two or more applications for residential rental projects from the unified pool and there is insufficient bonding authority to provide allocations for all residential rental projects in any one allocation period, the available bonding authority shall be awarded in the following order of priority: (1) projects that preserve existing federally subsidized housing; (2) projects that are not restricted to persons who are 55 years of age or older; and (3) preservation projects; (2) 30 percent AMI residential rental projects; (3) 50 percent AMI residential rental projects; (4) 100 percent LIHTC projects; (5) 20 percent LIHTC projects; and (6) other residential rental projects. If there are two or more applications for residential rental projects at the same priority level and there is insufficient bonding authority to provide allocations for all the projects in any one allocation period, available bonding authority shall be randomly awarded by lot but only for projects that received the full amount of their respective requested allocations. If a residential rental project does not receive any of its requested allocation pursuant to this paragraph and the project applies in the future to the housing pool or the unified pool for additional allocation of bonds, the project shall be fully funded up to its original application request for bonding authority before any new project, applying in the same allocation period, that has an equal priority shall receive bonding authority.
From the first Monday in **August** through the last Monday in November,

$20,000,000 of bonding authority or an amount equal to the total annual amount of bonding

authority allocated to the small issue pool under section 474A.03, subdivision 1, less the

amount allocated to issuers from the small issue pool for that year, whichever is less, is

reserved within the unified pool for small issue bonds to the extent such the amounts are

available within the unified pool.

The total amount of allocations for mortgage bonds from the housing pool and the

unified pool may not exceed:

1. $10,000,000 for any one city; or

2. $20,000,000 for any number of cities in any one county.

The total amount of allocations for student loan bonds from the unified pool may not

exceed $25,000,000 per year.

If there is insufficient bonding authority to fund all projects within any qualified bond

category other than enterprise zone facility projects, manufacturing projects, and residential

rental projects, allocations shall be awarded by lot unless otherwise agreed to by the

respective issuers.

If an application is rejected, the commissioner must notify the applicant and return

the application deposit to the applicant within 30 days unless the applicant requests in writing

that the application be resubmitted.

The granting of an allocation of bonding authority under this section must be evidenced

by issuance of a certificate of allocation.

Sec. 36. Minnesota Statutes 2018, section 474A.091, subdivision 5, is amended to read:

Subd. 5. **Return of allocation; deposit refund.** (a) If an issuer that receives an allocation

under this section determines that it will not issue obligations equal to all or a portion of

the allocation received under this section within 120 the applicable number of days after

the allocation required in this chapter or within the time period permitted by federal tax law,

whichever is less, the issuer must notify the department. If the issuer notifies the department

or the 120-day period since allocation has expired prior to the last Monday in November,

the amount of allocation is canceled and returned for reallocation through the unified pool.

If the issuer notifies the department on or after the last Monday in November, the amount

of allocation is canceled and returned for reallocation to the Minnesota Housing Finance

Agency. To encourage a competitive application process, the commissioner shall reserve,
for new applications, the amount of allocation that is canceled and returned for reallocation under this section for a minimum of seven calendar days.

(b) An issuer that returns for reallocation all or a portion of an allocation for all types of bonds other than residential rental project bonds received under this section within 120 days of the allocation shall receive within 30 days a refund equal to:

(1) one-half of the application deposit for the amount of bonding authority returned within 30 days of receiving the allocation;

(2) one-fourth of the application deposit for the amount of bonding authority returned between 31 and 60 days of receiving the allocation; and

(3) one-eighth of the application deposit for the amount of bonding authority returned between 61 and 120 days of receiving the allocation.

(c) No refund of the application deposit shall be available for allocations returned on or after the last Monday in November.

(d) An issuer that returns for reallocation all or a portion of an allocation for residential rental project bonds received under this section within 180 days of the allocation shall receive within 30 days a refund equal to:

(1) one-half of the application deposit for the amount of bonding authority returned within 45 days of receiving the allocation;

(2) one-fourth of the application deposit for the amount of bonding authority returned between 46 and 90 days of receiving the allocation; and

(3) one-eighth of the application deposit for the amount of bonding authority returned between 91 and 180 days of receiving the allocation.

Sec. 37. Minnesota Statutes 2018, section 474A.131, subdivision 1, is amended to read:

Subdivision 1. Notice of issue. Each issuer that issues bonds with an allocation received under this chapter shall provide a notice of issue to the department on forms provided by the department stating:

(1) the date of issuance of the bonds;

(2) the title of the issue;

(3) the principal amount of the bonds;

(4) the type of qualified bonds under federal tax law;
33.1 (5) the dollar amount of the bonds issued that were subject to the annual volume cap;
33.2 and
33.3 (6) for entitlement issuers, whether the allocation is from current year entitlement
33.4 authority or is from carryforward authority.
33.5
33.6 For obligations that are issued as a part of a series of obligations, a notice must be
33.7 provided for each series. A penalty of one-half of the amount of the application deposit not
33.8 to exceed $5,000 shall apply to any issue of obligations for which a notice of issue is not
33.9 provided to the department within five business days after issuance or before 4:30 p.m. on
33.10 the last business day in December, whichever occurs first. Within 30 days after receipt of
33.11 a notice of issue the department shall refund a portion of the application deposit equal to
33.12 one percent of the amount of the bonding authority actually issued if a one percent application
33.13 deposit was made, or equal to two percent of the amount of the bonding authority actually
33.14 issued if a two percent application deposit was made, less any penalty amount.
33.15
33.16 Sec. 38. Minnesota Statutes 2018, section 474A.131, subdivision 1b, is amended to read:
33.17
33.18 Subd. 1b. Deadline for issuance of qualified bonds. (a) If an issuer fails to notify the
33.19 department before 4:30 p.m. on the last business day in December of issuance of obligations
33.20 pursuant to an allocation received for any qualified bond project or issuance of an entitlement
33.21 allocation other than those involving residential rental bonds, the allocation is canceled and
33.22 the bonding authority is allocated to the Minnesota Housing Finance Agency for carryforward
33.23 by the commissioner under section 474A.091, subdivision 6.
33.24
33.25 (b) If an issuer for an allocation received for a residential rental project has not issued
33.26 the obligations before 4:30 p.m. on the last business day in December and the time period
33.27 for issuance of the obligations provided under section 474A.061, subdivision 2a, or section
33.28 474A.091, subdivision 2a, as applicable, has not expired, the bonding authority shall be
33.29 allocated to the Minnesota Housing Finance Agency for carryforward by the commissioner
33.30 under section 474A.091, subdivision 6; provided, however, that the allocation shall remain
33.31 reserved by the Minnesota Housing Finance Agency for the residential rental project
33.32 described in the original application and the Minnesota Housing Finance Agency will have
33.33 the fiduciary duty to issue the bonds as intended by the original issuer. In addition, any
33.34 obligations issued by the Minnesota Housing Finance Agency for a residential rental project
33.35 that is subject to this paragraph shall not be subject to the debt management policies of the
33.36 Minnesota Housing Finance Agency, as adopted and amended from time to time.
Sec. 39. Minnesota Statutes 2018, section 474A.131, subdivision 2, is amended to read:

Subd. 2. Carryforward notice. If an issuer intends to carry forward an allocation received under this chapter, it must notify the department in writing before 4:30 p.m. on the last business day in December. This notice requirement does not apply to the Minnesota Housing Finance Agency for the carryforward of unallocated unified pool balances or for the carryforward of allocations of residential rental project bonds pursuant to section 474A.131, subdivision 1b.

Sec. 40. Minnesota Statutes 2018, section 474A.14, is amended to read:

474A.14 NOTICE OF AVAILABLE AUTHORITY.

The department shall provide at its official website a written notice of the amount of bonding authority in the housing, small issue, and public facilities pools as soon after January 1 as possible. The department shall provide at its official website a written notice of the amount of bonding authority available for allocation in the unified pool as soon after August 1 as possible.

Sec. 41. Minnesota Statutes 2018, section 484.014, subdivision 2, is amended to read:

Subd. 2. Discretionary expungement. The court may order expungement of an eviction case court file only upon motion of a defendant and decision by the court, if the court finds that the plaintiff's case is sufficiently without basis in fact or law, which may include lack of jurisdiction over the case, that if the court makes the following findings: (1) the eviction case court file is no longer a reasonable predictor of future tenant behavior; and (2) the expungement is clearly in the interests of justice and those interests are not outweighed by the public's interest in knowing about the record.

Sec. 42. Minnesota Statutes 2018, section 484.014, subdivision 3, is amended to read:

Subd. 3. Mandatory expungement. The court shall order expungement of an eviction case:

(1) commenced solely on the grounds provided in section 504B.285, subdivision 1, clause (1), if the court finds that the defendant occupied real property that was subject to contract for deed cancellation or mortgage foreclosure and:

(i) the time for contract cancellation or foreclosure redemption has expired and the defendant vacated the property prior to commencement of the eviction action; or
(2) (ii) the defendant was a tenant during the contract cancellation or foreclosure
redemption period and did not receive a notice under section 504B.285, subdivision 1a, 1b,
or 1c, to vacate on a date prior to commencement of the eviction case;

(2) if the defendant prevailed on the merits;

(3) if the court dismissed the plaintiff's complaint for any reason;

(4) if the parties to the action have agreed to an expungement;

(5) if the court finds an eviction was ordered at least three years prior to the date the
expungement was filed; or

(6) upon motion of a defendant, if the case is settled and the defendant fulfills the terms
of the settlement.

Sec. 43. Minnesota Statutes 2018, section 504B.111, is amended to read:

504B.111 WRITTEN LEASE REQUIRED; PENALTY.

A landlord of a residential building with 12 or more residential units must have a written
lease for each unit rented to a residential tenant. The written lease must identify the specific
unit the residential tenant will occupy before the residential tenant signs the lease.

Notwithstanding any other state law or city ordinance to the contrary, a landlord may ask
for the tenant's full name and date of birth on the lease and application. A landlord who fails
to provide a lease, as required under this section, is guilty of a petty misdemeanor.

EFFECTIVE DATE. This section is effective the day following final enactment and
applies to leases entered into or renewed on or after that date.

Sec. 44. [504B.146] LEASE DURATION NOTICE.

A written lease for a residential unit must identify the lease start date and lease end date.
If the lease requires the tenant to move in or out of the residential unit on a date other than
the first or last day of the month, the lease must indicate the amount of the prorated rent, if
applicable. The information required by this section must be provided on the first page of
the lease.

EFFECTIVE DATE. This section is effective the day following final enactment and
applies to leases entered into or renewed on or after that date.
Sec. 45. [504B.147] TIME PERIOD FOR NOTICE TO QUIT OR RENT INCREASE.

Subdivision 1. Application. This section applies to a residential lease that provides a time period for the landlord to give a notice to quit the premises or a notice of a rent increase that is different than the time period the tenant is required to give for a notice of intention to quit the premises. For purposes of this section, "notice to quit" includes a notice of a nonrenewal of a lease.

Subd. 2. Tenant option to choose notice period. The tenant may give a notice of an intention to quit the premises using either:

   (1) the time period provided in the lease for the tenant to give a notice of intention to quit the premises; or

   (2) the time period provided in the lease for the landlord to give a notice to quit the premises or a notice of a rent increase.

Subd. 3. Landlord notice requirements. The landlord may not give a notice to quit the premises or notice of a rent increase that is shorter than the time period the lease provides for the tenant to give notice of an intention to quit the premises.

Subd. 4. No waiver. The requirements of this section may not be waived or modified by the parties to a residential lease. Any provision, whether oral or written, of a lease or other agreement by which any provision of this section is waived by a tenant is contrary to public policy and void.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to leases entered into or renewed on or after that date.

Sec. 46. Minnesota Statutes 2018, section 504B.206, subdivision 3, is amended to read:

Subd. 3. Liability for rent; termination of tenancy. (a) A tenant who is a sole tenant and is terminating a lease under subdivision 1 is responsible for the rent payment for the full month in which the tenancy terminates. The tenant forfeits all claims for the return of the security deposit under section 504B.178 and is relieved of any other contractual obligation for payment of rent or any other charges for the remaining term of the lease, except as provided in this section. In a sole tenancy, the tenancy terminates on the date specified in the notice provided to the landlord as required under subdivision 1.

   (b) In a tenancy with multiple tenants, one of whom is terminating the lease under subdivision 1, any lease governing all tenants is terminated at the latter of the end of the month or the end of the rent interval in which one tenant terminates the lease under
subdivision 1. All tenants are responsible for the rent payment for the full month in which
the tenancy terminates. Upon termination, all tenants forfeit all claims for the return of the
security deposit under section 504B.178 and are relieved of any other contractual obligation
for payment of rent or any other charges for the remaining term of the lease, except as
provided in this section. Any tenant whose tenancy was terminated under this paragraph
may reapply to enter into a new lease with the landlord.

(c) This section does not affect a tenant's liability for delinquent, unpaid rent or other
amounts owed to the landlord before the lease was terminated by the tenant under this
section.

Sec. 47. Minnesota Statutes 2018, section 504B.321, is amended by adding a subdivision
to read:

Subd. 3. Nonpublic record. An eviction action is not accessible to the public until the
court enters a final judgment.

Sec. 48. REPEALER.

Minnesota Statutes 2018, section 327C.095, subdivision 8, is repealed."

Amend the title accordingly