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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 1067

02/17/2025 Authored by Dotseth and Igo
The bill was read for the first time and referred to the Committee on Housing Finance and Policy

1.1 A bill for an act
1.2 relating to housing; granting exceptions to income limits of the Minnesota housing
1.3 tax credit contribution account grant and loan program for certain workforce
1.4 housing projects; modifying the matching requirements of the workforce housing
1.5 development program; amending Minnesota Statutes 2024, sections 462A.39,
1.6 subdivision 5; 462A.40, subdivisions 2, 3.

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

1.8 Section 1. Minnesota Statutes 2024, section 462A.39, subdivision 5, is amended to read:

1.9 Subd. 5. Allocation. The amount of a grant or deferred loans may not exceed 50 percent
1.10 of the rental housing development project cost. The commissioner shall not award a grant
1.11 or deferred loans to an eligible project area without certification by the eligible project area
1.12 that the amount of the grant or deferred loans shall be matched by a local unit of government,
1.13 business, nonprofit organization, or federally recognized Tribe, with \$1 for every \$2 provided
1.14 in grant or deferred loans funds. If an eligible project area is selected for an award of a grant
1.15 or loan under section 462A.40 and the award is funded by contributions to the Minnesota
1.16 housing tax credit account that are intended for a specific project in the eligible project area,
1.17 the amount of the award may count toward the matching requirement of this subdivision.

1.18 Sec. 2. Minnesota Statutes 2024, section 462A.40, subdivision 2, is amended to read:

1.19 Subd. 2. Use of funds; grant and loan program. (a) The agency may award grants and
1.20 loans to be used for workforce housing and for multifamily and single family developments
1.21 for persons and families of low and moderate income. Allowable use of the funds include:
1.22 gap financing, as defined in section 462A.33, subdivision 1; new construction; acquisition;

2.1 rehabilitation; demolition or removal of existing structures; construction financing; permanent
2.2 financing; interest rate reduction; and refinancing.

2.3 (b) The agency may give preference for grants and loans to comparable proposals that
2.4 include regulatory changes or waivers that result in identifiable cost avoidance or cost
2.5 reductions, including but not limited to increased density, flexibility in site development
2.6 standards, or zoning code requirements.

2.7 Sec. 3. Minnesota Statutes 2024, section 462A.40, subdivision 3, is amended to read:

2.8 Subd. 3. **Eligible recipients; definitions; restrictions; use of funds.** (a) The agency
2.9 may award a grant or a loan to any recipient that qualifies under subdivision 2. The agency
2.10 must not award a grant or a loan to a disqualified individual or disqualified business.

2.11 (b) For the purposes of this subdivision disqualified individual means:

2.12 (1) an individual who or an individual whose immediate family member made a
2.13 contribution to the account in the current or prior taxable year and received a credit certificate;

2.14 (2) an individual who or an individual whose immediate family member owns the housing
2.15 for which the grant or loan will be used;

2.16 (3) an individual who meets the following criteria:

2.17 (i) the individual is an officer or principal of a business entity; and

2.18 (ii) that business entity made a contribution to the account in the current or previous
2.19 taxable year and received a credit certificate; or

2.20 (4) an individual who meets the following criteria:

2.21 (i) the individual directly owns, controls, or holds the power to vote 20 percent or more
2.22 of the outstanding securities of a business entity; and

2.23 (ii) that business entity made a contribution to the account in the current or previous
2.24 taxable year and received a credit certificate.

2.25 (c) For the purposes of this subdivision disqualified business means a business entity
2.26 that:

2.27 (1) made a contribution to the account in the current or prior taxable year and received
2.28 a credit certificate;

2.29 (2) has an officer or principal who is an individual who made a contribution to the
2.30 account in the current or previous taxable year and received a credit certificate; or

3.1 (3) meets the following criteria:

3.2 (i) the business entity is directly owned, controlled, or is subject to the power to vote 20
3.3 percent or more of the outstanding securities by an individual or business entity; and

3.4 (ii) that controlling individual or business entity made a contribution to the account in
3.5 the current or previous taxable year and received a credit certificate.

3.6 (d) For purposes of this subdivision, "immediate family" means the taxpayer's spouse,
3.7 parent or parent's spouse, sibling or sibling's spouse, or child or child's spouse. For a married
3.8 couple filing a joint return, the limitations in this subdivision apply collectively to the
3.9 taxpayer and spouse.

3.10 (e) Before applying for a grant or loan, all recipients must sign a disclosure that the
3.11 disqualifications under this subdivision do not apply. The Minnesota Housing Finance
3.12 Agency must prescribe the form of the disclosure. The Minnesota Housing Finance Agency
3.13 may rely on the disclosure to determine the eligibility of recipients under paragraph (a).

3.14 (f) The agency may award grants or loans to a city as defined in section 462A.03,
3.15 subdivision 21; a federally recognized American Indian tribe or subdivision located in
3.16 Minnesota; a tribal housing corporation; a private developer; a nonprofit organization; a
3.17 housing and redevelopment authority under sections 469.001 to 469.047; a public housing
3.18 authority or agency authorized by law to exercise any of the powers granted by sections
3.19 469.001 to 469.047; or the owner of the housing. The provisions of subdivision 2, and
3.20 paragraphs (a) to (e) and (g) of this subdivision, regarding the use of funds and eligible
3.21 recipients apply to grants and loans awarded under this paragraph.

3.22 (g) Eligible recipients must use the funds to serve households that meet the income limits
3.23 as provided in section 462A.33, subdivision 5. This requirement does not apply to a project
3.24 meeting the requirements of section 462A.39, subdivision 4, paragraph (a).