

ARTICLE 8**HOUSING**

Section 1. Minnesota Statutes 2016, section 299D.085, is amended by adding a subdivision to read:

Subd. 3a. **Trailer use.** A vehicle or a combination of vehicles may tow a trailer during the movement of an overdimensional load if:

(1) the party involved is a building mover licensed by the commissioner of transportation under section 221.81;

(2) the building being moved is not a temporary structure;

(3) the overdimensional load is a manufactured home, as defined under section 327.31; or

(4) the overdimensional load is a modular home, as defined under section 297A.668, subdivision 8, paragraph (b).

Sec. 2. Minnesota Statutes 2016, section 327.31, is amended by adding a subdivision to read:

Subd. 23. **Modular home.** "Modular home" means a building or structural unit of closed construction that has been substantially manufactured or constructed, in whole or in part, at an off-site location, with the final assembly occurring on site alone or with other units and attached to a foundation designed to the State Building Code and occupied as a single-family dwelling. Modular home construction must comply with applicable standards adopted in Minnesota Rules, chapter 1360 or 1361.

Sec. 3. **[327.335] PLACEMENT OF MODULAR HOMES.**

A modular home may be placed in a manufactured home park as defined in section 327.14, subdivision 3. A modular home placed in a manufactured home park is a manufactured home for purposes of chapters 327C and 504B and all rights, obligations, and duties, under those chapters apply. A modular home may not be placed in a manufactured home park without prior written approval of the park owner. Nothing in this section shall be construed to inhibit the application of zoning, subdivision, architectural, or esthetic requirements pursuant to chapters 394 and 462 that otherwise apply to manufactured homes and manufactured home parks. A modular home placed in a manufactured home park under this section shall be assessed and taxed as a manufactured home.

2.1 Sec. 4. Minnesota Statutes 2016, section 327C.095, subdivision 4, is amended to read:

2.2 Subd. 4. **Public hearing; relocation compensation; neutral third party.** Within 60
2.3 days after receiving notice of a closure statement, the governing body of the affected
2.4 municipality shall hold a public hearing to review the closure statement and any impact that
2.5 the park closing may have on the displaced residents and the park owner. At the time of,
2.6 and in the notice for, the public hearing, displaced residents must be informed that they may
2.7 be eligible for payments from the Minnesota manufactured home relocation trust fund under
2.8 section 462A.35 as compensation for reasonable relocation costs under subdivision 13,
2.9 paragraphs (a) and (e).

2.10 The governing body of the municipality may also require that other parties, including
2.11 the municipality, but excluding the park owner or its purchaser, involved in the park closing
2.12 provide additional compensation to residents to mitigate the adverse financial impact of the
2.13 park closing upon the residents.

2.14 At the public hearing, the municipality shall appoint a qualified neutral third party, to
2.15 be agreed upon by both the manufactured home park owner and manufactured home owners,
2.16 whose hourly cost must be reasonable and paid from the Minnesota manufactured home
2.17 relocation trust fund. The neutral third party shall act as a paymaster and arbitrator, with
2.18 decision-making authority to resolve any questions or disputes regarding any contributions
2.19 or disbursements to and from the Minnesota manufactured home relocation trust fund by
2.20 either the manufactured home park owner or the manufactured home owners. If the parties
2.21 cannot agree on a neutral third party, the municipality will ~~make a determination~~ determine
2.22 who shall act as the neutral third party.

2.23 The qualified neutral third party shall be familiar with manufactured housing and the
2.24 requirements of this section. The neutral third party shall keep an overall receipts and cost
2.25 summary together with a detailed accounting, for each manufactured lot, of the payments
2.26 received by the manufactured home park owner, and expenses approved and payments
2.27 disbursed to the manufactured home owners, pursuant to subdivisions 12 and 13, as well
2.28 as a record of all services and hours it provided and at what hourly rate it charged to the
2.29 Minnesota manufactured home trust fund. This detailed accounting shall be provided to the
2.30 manufactured home park owner, the municipality, and the Minnesota Housing Finance
2.31 Agency to be included in its yearly October 15 report as required in subdivision 13, paragraph
2.32 (h), not later than 30 days after the expiration of the nine-month notice provided in the
2.33 closure statement.

3.1 Sec. 5. Minnesota Statutes 2016, section 327C.095, subdivision 6, is amended to read:

3.2 Subd. 6. **Intent to convert use of park at time of purchase.** Before the execution of
3.3 an agreement to purchase a manufactured home park, the purchaser must notify the park
3.4 owner, in writing, if the purchaser intends to close the manufactured home park or convert
3.5 it to another use within one year of the execution of the agreement. The park owner shall
3.6 provide a resident of each manufactured home with a 45-day written notice of the purchaser's
3.7 intent to close the park or convert it to another use. The notice must state that the park owner
3.8 will provide information on the cash price and the terms and conditions of the purchaser's
3.9 offer to residents requesting the information. The notice must be sent by first class mail to
3.10 a resident of each manufactured home in the park. The notice period begins on the postmark
3.11 date affixed to the notice and ends 45 days after it begins. During the notice period required
3.12 in this subdivision, the owners of at least 51 percent of the manufactured homes in the park
3.13 or a nonprofit organization which has the written permission of the owners of at least 51
3.14 percent of the manufactured homes in the park to represent them in the acquisition of the
3.15 park shall have the right to meet the cash price and execute an agreement to purchase the
3.16 park for the purposes of keeping the park as a manufactured housing community, provided
3.17 that the owners or nonprofit organization will covenant and warrant to the park owner in
3.18 the agreement that they will continue to operate the park for not less than six years from
3.19 the date of closing. The park owner must accept the offer if it meets the cash price and the
3.20 same terms and conditions set forth in the purchaser's offer except that the seller is not
3.21 obligated to provide owner financing. For purposes of this section, cash price means the
3.22 cash price offer or equivalent cash offer as defined in section 500.245, subdivision 1,
3.23 paragraph (d).

3.24 Sec. 6. Minnesota Statutes 2016, section 327C.095, subdivision 12, is amended to read:

3.25 Subd. 12. **Payment to the Minnesota manufactured home relocation trust fund.** (a)
3.26 If a manufactured home owner is required to move due to the conversion of all or a portion
3.27 of a manufactured home park to another use, the closure of a park, or cessation of use of
3.28 the land as a manufactured home park, the manufactured park owner shall, upon the change
3.29 in use, pay to the commissioner of management and budget for deposit in the Minnesota
3.30 manufactured home relocation trust fund under section 462A.35, the lesser amount of the
3.31 actual costs of moving or purchasing the manufactured home approved by the neutral third
3.32 party and paid by the Minnesota Housing Finance Agency under subdivision 13, paragraph
3.33 (a) or (e), or \$3,250 for each single section manufactured home, and \$6,000 for each
3.34 multisection manufactured home, for which a manufactured home owner has made
3.35 application for payment of relocation costs under subdivision 13, paragraph (c). The

4.1 manufactured home park owner shall make payments required under this section to the
4.2 Minnesota manufactured home relocation trust fund within 60 days of receipt of invoice
4.3 from the neutral third party.

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

4.7 (1) the manufactured home park owner relocates the manufactured home owner to
4.8 another space in the manufactured home park or to another manufactured home park at the
4.9 park owner's expense;

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

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

4.15 (4) the manufactured home owner has a pending eviction action for nonpayment of lot
4.16 rental amount under section 327C.09, which was filed against the manufactured home owner
4.17 prior to the mailing date of the closure statement under subdivision 1, and the writ of recovery
4.18 has been ordered by the district court;

4.19 (5) the conversion of all or a portion of a manufactured home park to another use, the
4.20 closure of a park, or cessation of use of the land as a manufactured home park is the result
4.21 of a taking or exercise of the power of eminent domain by a governmental entity or public
4.22 utility; or

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

4.27 (c) If the unencumbered fund balance in the manufactured home relocation trust fund
4.28 is less than ~~\$1,000,000~~ \$3,000,000 as of June 30 of each year, the commissioner of
4.29 management and budget shall assess each manufactured home park owner by mail the total
4.30 amount of \$15 for each licensed lot in their park, payable on or before ~~September~~ November
4.31 15 of that year. The commissioner of management Failure to notify and budget shall deposit
4.32 any payments in the Minnesota timely assess the manufactured home relocation trust fund.
4.33 On or before July 15 of park owner by August 30 of any year shall waive the assessment

5.1 and payment obligations of the manufactured home park owner for that year. Together with
5.2 said assessment notice, each year; the commissioner of management and budget shall prepare
5.3 and distribute to park owners a letter explaining whether funds are being collected for that
5.4 year, information about the collection, an invoice for all licensed lots, and a sample form
5.5 for the park owners to collect information on which park residents have been accounted
5.6 for. If assessed under this paragraph, the park owner may recoup the cost of the \$15
5.7 assessment as a lump sum or as a monthly fee of no more than \$1.25 collected from park
5.8 residents together with monthly lot rent as provided in section 327C.03, subdivision 6. Park
5.9 owners may adjust payment for lots in their park that are vacant or otherwise not eligible
5.10 for contribution to the trust fund under section 327C.095, subdivision 12, paragraph (b),
5.11 and for park residents who have not paid the \$15 assessment to the park owner by October
5.12 15, and deduct from the assessment accordingly. The commissioner of management and
5.13 budget shall deposit any payments in the Minnesota manufactured home relocation trust
5.14 fund.

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

5.19 Sec. 7. Minnesota Statutes 2016, section 327C.095, subdivision 13, is amended to read:

5.20 Subd. 13. **Change in use, relocation expenses; payments by park owner.** (a) If a
5.21 manufactured home owner is required to relocate due to the conversion of all or a portion
5.22 of a manufactured home park to another use, the closure of a manufactured home park, or
5.23 cessation of use of the land as a manufactured home park under subdivision 1, and the
5.24 manufactured home owner complies with the requirements of this section, the manufactured
5.25 home owner is entitled to payment from the Minnesota manufactured home relocation trust
5.26 fund equal to the manufactured home owner's actual relocation costs for relocating the
5.27 manufactured home to a new location within a ~~25~~ 50-mile radius of the park that is being
5.28 closed, up to a maximum of \$7,000 for a single-section and \$12,500 for a multisection
5.29 manufactured home. The actual relocation costs must include the reasonable cost of taking
5.30 down, moving, and setting up the manufactured home, including equipment rental, utility
5.31 connection and disconnection charges, minor repairs, modifications necessary for
5.32 transportation of the home, necessary moving permits and insurance, moving costs for any
5.33 appurtenances, which meet applicable local, state, and federal building and construction
5.34 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~~ payment to the Minnesota manufactured home relocation trust fund ~~have~~ has 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) The neutral third party shall promptly process all payments for completed applications within 14 days. 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 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~~ \$3,000. The manufactured home owner must also provide a copy of the certificate of title endorsed by the owner of record, and certify to the 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)(1) By October 15, 2018, the Minnesota Housing Finance Agency shall post on its Web site and report to the chairs of the senate Finance Committee and house of representatives Ways and Means Committee 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 itemized 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.

~~(h)~~ (2) Beginning in 2019, the Minnesota Housing Finance Agency shall post on its Web site and report to the chairs of the senate Finance Committee and house of representatives Ways and Means Committee by ~~January~~ October 15 of each year on the Minnesota manufactured home relocation trust fund, including the aggregate account balance, the aggregate assessment payments received, summary information regarding each closed park including the total payments to claimants and payments received from each closed park, the amount of any advances to the fund, the amount of any insufficiencies encountered during the previous ~~calendar~~ fiscal year, reports of neutral third parties provided pursuant to subdivision 4, and any itemized administrative charges or expenses deducted from the trust fund balance, all of which should be reconciled to the previous year's 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.

9.1 Sec. 8. Minnesota Statutes 2016, section 327C.095, is amended by adding a subdivision
9.2 to read:

9.3 Subd. 16. **Reporting of licensed manufactured home parks.** The Department of Health
9.4 or, if applicable, local units of government that have entered into a delegation of authority
9.5 agreement with the Department of Health as provided in section 145A.07 shall provide, by
9.6 March 31 of each year, a list of names and addresses of the manufactured home parks
9.7 licensed in the previous year, and for each manufactured home park, the current licensed
9.8 owner, the owner's address, the number of licensed manufactured home lots, and other data
9.9 as they may request for the Department of Management and Budget to invoice each licensed
9.10 manufactured home park in the state of Minnesota.

9.11 Sec. 9. Minnesota Statutes 2017 Supplement, section 462A.2035, subdivision 1, is amended
9.12 to read:

9.13 Subdivision 1. **Establishment.** The agency shall establish a manufactured home park
9.14 redevelopment program for the purpose of making manufactured home park redevelopment
9.15 grants or loans to cities, counties, community action programs, nonprofit organizations, and
9.16 ~~cooperatives created under chapter 308A or 308B~~ for the purposes specified in this section.

9.17 Sec. 10. Minnesota Statutes 2017 Supplement, section 462A.2035, subdivision 1b, is
9.18 amended to read:

9.19 Subd. 1b. **Manufactured home park infrastructure grants.** Eligible recipients may
9.20 use manufactured home park infrastructure grants under this program for:

- 9.21 (1) acquisition of and improvements in manufactured home parks; and
9.22 (2) infrastructure, including storm shelters and community facilities.

9.23 Sec. 11. Minnesota Statutes 2016, section 462A.222, subdivision 3, is amended to read:

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

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

(c)(1) 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.

(2) 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.

(3) 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 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

11.1 shall have standing to challenge the agency's qualified allocation plan for failure to comply
11.2 with this clause.

11.3 In the event of any conflict or inconsistency between this paragraph and section 462A.04,
11.4 the provisions of this paragraph shall govern and control. The provisions of this clause shall
11.5 not apply to projects that are eligible for an allocation of credit under section 42(h)(4) of
11.6 the Internal Revenue Code of 1986, as amended, from a city or county described in clause
11.7 (1).

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

11.10 (1) in the metropolitan area:

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

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

11.19 (iii) substantial rehabilitation projects in neighborhoods targeted by the city for
11.20 revitalization;

11.21 (2) outside the metropolitan area, projects which meet a locally identified housing need
11.22 and which are in short supply in the local housing market as evidenced by credible data
11.23 submitted with the application;

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

11.27 (i) with a serious and persistent mental illness as defined in section 245.462, subdivision
11.28 20, paragraph (c);

11.29 (ii) with a developmental disability as defined in United States Code, title 42, section
11.30 6001, paragraph (5), as amended through December 31, 1990;

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

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

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

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

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

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

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

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

12.28 Sec. 12. Minnesota Statutes 2016, section 462A.33, subdivision 1, is amended to read:

12.29 Subdivision 1. **Created.** The economic development and housing challenge program is
12.30 created to be administered by the agency.

12.31 (a) The program shall provide grants or loans for the purpose of construction, acquisition,
12.32 rehabilitation, demolition or removal of existing structures, construction financing, permanent

13.1 financing, interest rate reduction, refinancing, and gap financing of housing or manufactured
13.2 home parks, as defined in section 327C.01, to support economic development and
13.3 redevelopment activities or job creation or job preservation within a community or region
13.4 by meeting locally identified housing needs.

13.5 Gap financing is either:

13.6 (1) the difference between the costs of the property, including acquisition, demolition,
13.7 rehabilitation, and construction, and the market value of the property upon sale; or

13.8 (2) the difference between the cost of the property and the amount the targeted household
13.9 can afford for housing, based on industry standards and practices.

13.10 (b) Preference for grants and loans shall be given to comparable proposals that include
13.11 regulatory changes or waivers that result in identifiable cost avoidance or cost reductions,
13.12 such as increased density, flexibility in site development standards, or zoning code
13.13 requirements. Preference must also be given among comparable proposals to proposals for
13.14 projects that are accessible to transportation systems, jobs, schools, and other services.

13.15 (c) If a grant or loan is used for demolition or removal of existing structures, the cleared
13.16 land must be used for the construction of housing to be owned or rented by persons who
13.17 meet the income limits of this section or for other housing-related purposes that primarily
13.18 benefit the persons residing in the adjacent housing. In making selections for grants or loans
13.19 for projects that demolish affordable housing units, the agency must review the potential
13.20 displacement of residents and consider the extent to which displacement of residents is
13.21 minimized.

13.22 Sec. 13. Minnesota Statutes 2016, section 462A.33, subdivision 2, is amended to read:

13.23 Subd. 2. **Eligible recipients.** Challenge grants or loans may be made to a city, a federally
13.24 recognized American Indian tribe or subdivision located in Minnesota, a tribal housing
13.25 corporation, a private developer, a nonprofit organization, or the owner of the housing or
13.26 the manufactured home park, including individuals. For the purpose of this section, "city"
13.27 has the meaning given it in section 462A.03, subdivision 21. To the extent practicable,
13.28 grants and loans shall be made so that an approximately equal number of housing units are
13.29 financed in the metropolitan area and in the nonmetropolitan area.

13.30 Sec. 14. Minnesota Statutes 2016, section 462A.37, subdivision 1, is amended to read:

13.31 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
13.32 the meanings given.

14.1 (b) "Abandoned property" has the meaning given in section 117.025, subdivision 5.

14.2 (c) "Community land trust" means an entity that meets the requirements of section
14.3 462A.31, subdivisions 1 and 2.

14.4 (d) "Debt service" means the amount payable in any fiscal year of principal, premium,
14.5 if any, and interest on housing infrastructure bonds and the fees, charges, and expenses
14.6 related to the bonds.

14.7 (e) "Foreclosed property" means residential property where foreclosure proceedings
14.8 have been initiated or have been completed and title transferred or where title is transferred
14.9 in lieu of foreclosure.

14.10 (f) "Housing infrastructure bonds" means bonds issued by the agency under this chapter
14.11 that are qualified 501(c)(3) bonds, within the meaning of Section 145(a) of the Internal
14.12 Revenue Code, finance qualified residential rental projects within the meaning of Section
14.13 142(d) of the Internal Revenue Code, or are tax-exempt bonds that are not private activity
14.14 bonds, within the meaning of Section 141(a) of the Internal Revenue Code, for the purpose
14.15 of financing or refinancing affordable housing authorized under this chapter.

14.16 (g) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

14.17 (h) "Senior" means a person 62 years of age or older with an annual income not greater
14.18 than 50 percent of:

14.19 (1) the metropolitan area median income for persons in the metropolitan area; or

14.20 (2) the statewide median income for persons outside the metropolitan area.

14.21 (i) "Senior housing" means housing intended and operated for occupancy by at least one
14.22 senior per unit with at least 80 percent of the units occupied by at least one senior per unit,
14.23 and for which there is publication of, and adherence to, policies and procedures that
14.24 demonstrate an intent by the owner or manager to provide housing for seniors. Senior
14.25 housing may be developed in conjunction with and as a distinct portion of mixed-income
14.26 senior housing developments that use a variety of public or private financing sources.

14.27 ~~(h)~~ (j) "Supportive housing" means housing that is not time-limited and provides or
14.28 coordinates with linkages to services necessary for residents to maintain housing stability
14.29 and maximize opportunities for education and employment.

14.30 Sec. 15. Minnesota Statutes 2016, section 462A.37, subdivision 2, is amended to read:

14.31 Subd. 2. **Authorization.** (a) The agency may issue up to \$30,000,000 in aggregate
14.32 principal amount of housing infrastructure bonds in one or more series to which the payment

15.1 made under this section may be pledged. The housing infrastructure bonds authorized in
15.2 this subdivision may be issued to fund loans or grants for the purposes of clause (4), on
15.3 terms and conditions the agency deems appropriate, made for one or more of the following
15.4 purposes:

15.5 (1) to finance the costs of the construction, acquisition, and rehabilitation of supportive
15.6 housing for individuals and families who are without a permanent residence;

15.7 (2) to finance the costs of the acquisition and rehabilitation of foreclosed or abandoned
15.8 housing to be used for affordable rental housing and the costs of new construction of rental
15.9 housing on abandoned or foreclosed property where the existing structures will be demolished
15.10 or removed;

15.11 (3) to finance that portion of the costs of acquisition of property that is attributable to
15.12 the land to be leased by community land trusts to low- and moderate-income homebuyers;
15.13 ~~and~~

15.14 (4) to finance that portion of the acquisition, improvement, and infrastructure of
15.15 manufactured home parks under section 462A.2035, subdivision 1b, that is attributable to
15.16 land to be leased to low- and moderate-income manufactured home owners;

15.17 (5) to finance the costs of acquisition, rehabilitation, adaptive reuse, or new construction
15.18 of senior housing; and

15.19 (6) to finance the costs of acquisition and rehabilitation of federally assisted rental
15.20 housing and for the refinancing of costs of the construction, acquisition, and rehabilitation
15.21 of federally assisted rental housing, including providing funds to refund, in whole or in part,
15.22 outstanding bonds previously issued by the agency or another government unit to finance
15.23 or refinance such costs.

15.24 (b) Among comparable proposals for permanent supportive housing, preference shall
15.25 be given to permanent supportive housing for veterans and other individuals or families
15.26 who:

15.27 (1) either have been without a permanent residence for at least 12 months or at least four
15.28 times in the last three years; or

15.29 (2) are at significant risk of lacking a permanent residence for 12 months or at least four
15.30 times in the last three years.

15.31 (c) Among comparable proposals for senior housing, the agency must give priority to
15.32 requests for projects that:

16.1 (1) demonstrate a commitment to maintaining the housing financed as affordable to
16.2 seniors;

16.3 (2) leverage other sources of funding to finance the project, including the use of
16.4 low-income housing tax credits;

16.5 (3) provide access to services to residents and demonstrate the ability to increase physical
16.6 supports and support services as residents age and experience increasing levels of disability;

16.7 (4) provide a service plan containing the elements of clause (3) reviewed by the housing
16.8 authority, economic development authority, public housing authority, or community
16.9 development agency that has an area of operation for the jurisdiction in which the project
16.10 is located; and

16.11 (5) include households with incomes that do not exceed 30 percent of the median
16.12 household income for the metropolitan area.

16.13 To the extent practicable, the agency shall balance the loans made between projects in the
16.14 metropolitan area and projects outside the metropolitan area. Of the loans made to projects
16.15 outside the metropolitan area, the agency shall, to the extent practicable, balance the loans
16.16 made between projects in counties or cities with a population of 20,000 or less, as established
16.17 by the most recent decennial census, and projects in counties or cities with populations in
16.18 excess of 20,000.

16.19 Sec. 16. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision
16.20 to read:

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

16.24 Sec. 17. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision
16.25 to read:

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

17.1 Sec. 18. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision
17.2 to read:

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

17.5 Sec. 19. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision
17.6 to read:

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

17.15 Sec. 20. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision
17.16 to read:

17.17 Subd. 30. **30 percent AMI residential rental project.** "30 percent AMI residential
17.18 rental project" means a residential rental project that does not otherwise qualify as a
17.19 preservation project, is expected to generate low-income housing tax credits under section
17.20 42 of the Internal Revenue Code of 1986, as amended, from 100 percent of its residential
17.21 units, and in which:

17.22 (1) all the residential units of the project:

17.23 (i) are reserved for tenants whose income, on average, is 30 percent of AMI or less;

17.24 (ii) are rent-restricted in accordance with section 42(g)(2) of the Internal Revenue Code
17.25 of 1986, as amended; and

17.26 (iii) are subject to rent and income restrictions for a period of not less than 30 years; or

17.27 (2)(i) is located outside of the metropolitan area as defined in section 473.121, subdivision
17.28 2, and within a county or metropolitan area that has a current median area gross income
17.29 that is less than the statewide area median income for Minnesota;

17.30 (ii) all of the units of the project are rent-restricted in accordance with section 42(g)(2)
17.31 of the Internal Revenue Code of 1986, as amended; and

18.1 (iii) all of the units of the project are subject to the applicable rent and income restrictions
18.2 for a period of not less than 30 years.

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

18.5 Sec. 21. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision
18.6 to read:

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

18.12 (1) are reserved for tenants whose income, on average, is 50 percent of AMI or less;

18.13 (2) are rent-restricted in accordance with section 42(g)(2) of the Internal Revenue Code
18.14 of 1986, as amended; and

18.15 (3) are subject to rent and income restrictions for a period of not less than 30 years.

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

18.18 Sec. 22. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision
18.19 to read:

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

18.27 Sec. 23. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision
18.28 to read:

18.29 Subd. 33. **20 percent LIHTC project.** "20 percent LIHTC project" means a residential
18.30 rental project that is expected to generate low-income housing tax credits under section 42
18.31 of the Internal Revenue Code of 1986, as amended, from at least 20 percent of its residential

19.1 units and does not otherwise qualify as a preservation project, 30 percent AMI residential
19.2 rental project, 50 percent AMI residential rental project, or 100 percent LIHTC project. In
19.3 addition, to qualify as a 20 percent LIHTC project, the amount of bonds requested in the
19.4 application must not exceed the aggregate bond limitation.

19.5 Sec. 24. Minnesota Statutes 2016, section 474A.03, subdivision 1, is amended to read:

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

19.10 (1) \$74,530,000 to the small issue pool;

19.11 (2) \$122,060,000 to the housing pool in calendar years 2019 and 2020, and starting in
19.12 calendar year 2021, \$122,060,000 to the housing pool, of which 31 percent of the adjusted
19.13 allocation is reserved until the last Monday in ~~July~~ June for single-family housing programs;

19.14 (3) \$12,750,000 to the public facilities pool; and

19.15 (4) amounts to be allocated as provided in subdivision 2a.

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

19.20 Sec. 25. Minnesota Statutes 2016, section 474A.04, subdivision 1a, is amended to read:

19.21 Subd. 1a. **Entitlement reservations.** Any amount returned by an entitlement issuer
19.22 before ~~July~~ June 15 shall be reallocated through the housing pool. Any amount returned on
19.23 or after July ~~15~~ 1 shall be reallocated through the unified pool. An amount returned after
19.24 the last Monday in November shall be reallocated to the Minnesota Housing Finance Agency.

19.25 Sec. 26. Minnesota Statutes 2016, section 474A.047, subdivision 1, is amended to read:

19.26 Subdivision 1. **Eligibility.** (a) An issuer may only use the proceeds from residential
19.27 rental bonds if the proposed project meets the following requirements:

19.28 (1) the proposed residential rental project meets the requirements of section 142(d) of
19.29 the Internal Revenue Code regarding the incomes of the occupants of the housing; and

(2) the maximum rent for at least 20 percent of the units in the proposed residential rental project do not exceed the area fair market rent or exception fair market rents for existing housing, if applicable, as established by the federal Department of Housing and Urban Development. The rental rates of units in a residential rental project for which project-based federal assistance payments are made are deemed to be within the rent limitations of this clause.

(b) The proceeds from residential rental bonds may be used for a project for which project-based federal rental assistance payments are made only if: the owner of the project enters into a binding agreement with the issuer under which the owner is obligated to extend any existing low-income affordability restrictions and any contract or agreement for rental assistance payments for the maximum term permitted, including any renewals thereof.

~~(1) the owner of the project enters into a binding agreement with the Minnesota Housing Finance Agency under which the owner is obligated to extend any existing low-income affordability restrictions and any contract or agreement for rental assistance payments for the maximum term permitted, including any renewals thereof; and~~

~~(2) the Minnesota Housing Finance Agency certifies that project reserves will be maintained at closing of the bond issue and budgeted in future years at the lesser of:~~

~~(i) the level described in Minnesota Rules, part 4900.0010, subpart 7, item A, subitem (2), effective May 1, 1997; or~~

~~(ii) the level of project reserves available prior to the bond issue, provided that additional money is available to accomplish repairs and replacements needed at the time of bond issue.~~

Sec. 27. Minnesota Statutes 2016, section 474A.047, subdivision 2, is amended to read:

Subd. 2. **15-year agreement.** Prior to the issuance of residential rental bonds, the developer of the project for which the bond proceeds will be used must enter into a 15-year agreement with the issuer that specifies the maximum rental rates of the rent-restricted units in the project and the income levels of the residents of the project occupying income-restricted units: and in which the developer will agree to maintain the project as a preservation project, 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100 percent LIHTC project, or 20 percent LIHTC project, as applicable and as described in its application. Such rental rates and income levels must be within the limitations established under subdivision 1. The developer must annually certify to the issuer over the term of the agreement that the rental rates for the rent-restricted units are within the limitations under subdivision 1. The issuer may request individual certification of the income of residents of

21.1 the income-restricted units. The commissioner may request from the issuer a copy of the
21.2 annual certification prepared by the developer. The commissioner may require the issuer
21.3 to request individual certification of all residents of the income-restricted units.

21.4 Sec. 28. Minnesota Statutes 2016, section 474A.061, is amended to read:

21.5 **474A.061 MANUFACTURING, HOUSING, AND PUBLIC FACILITIES POOLS.**

21.6 Subdivision 1. **Allocation application; small issue pool and public facilities pool.** (a)

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

21.24 (b) An entitlement issuer may not apply for an allocation ~~from the public facilities pool~~
21.25 under this subdivision unless it has either permanently issued bonds equal to the amount of
21.26 its entitlement allocation for the current year plus any amount of bonding authority carried
21.27 forward from previous years or returned for reallocation all of its unused entitlement
21.28 allocation. ~~An entitlement issuer may not apply for an allocation from the housing pool~~
21.29 ~~unless it either has permanently issued bonds equal to any amount of bonding authority~~
21.30 ~~carried forward from a previous year or has returned for reallocation any unused bonding~~
21.31 ~~authority carried forward from a previous year.~~ For purposes of this subdivision, its
21.32 entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.
21.33 ~~This paragraph does not apply to an application from the Minnesota Housing Finance Agency~~

22.1 ~~for an allocation under subdivision 2a for cities who choose to have the agency issue bonds~~
 22.2 ~~on their behalf.~~

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

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

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

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

22.33 Subd. 2a. **Housing pool allocation.** (a) Commencing on the second Tuesday in January
 22.34 and continuing on each Monday through ~~July~~ June 15, the commissioner shall allocate

23.1 available bonding authority from the housing pool to applications received on or before the
23.2 Monday of the preceding week for residential rental projects that meet the eligibility criteria
23.3 under section 474A.047. Allocations of available bonding authority from the housing pool
23.4 for eligible residential rental projects shall be awarded in the following order of priority:
23.5 ~~(1) projects that preserve existing federally subsidized housing; (2) projects that are not~~
23.6 ~~restricted to persons who are 55 years of age or older; and (3) other residential rental projects.~~
23.7 ~~Prior to May 15, no allocation shall be made to a project restricted to persons who are 55~~
23.8 ~~years of age or older.~~

23.9 (1) preservation projects;

23.10 (2) 30 percent AMI residential rental projects;

23.11 (3) 50 percent AMI residential rental projects;

23.12 (4) 100 percent LIHTC projects;

23.13 (5) 20 percent LIHTC projects;

23.14 (6) single-family housing programs after June 1 in calendar years 2019 and 2020, and
23.15 after January 1 starting in calendar year 2021; and

23.16 (7) other residential rental projects for which the amount of bonds requested in their
23.17 respective applications do not exceed the aggregate bond limitation.

23.18 If there are two or more applications for residential rental projects at the same priority level
23.19 and there is insufficient bonding authority to provide allocations for all such projects in any
23.20 one allocation period, available bonding authority shall be randomly awarded by lot. If a
23.21 residential rental project is selected by lot, but the remaining bonding authority is insufficient
23.22 to provide the full amount of the requested allocation, the project shall be allocated the
23.23 remaining available housing pool bonding authority and if the project applies for an allocation
23.24 of bonds again in the same calendar year or to the next successive housing pool, the project
23.25 shall be awarded the lesser of the available bonding authority or the remainder of its full
23.26 allocation request before any new project applying in the same allocation period with an
23.27 equal or lower priority shall receive bonding authority. The project shall continue to receive
23.28 priority over other projects applying with an equal or lower priority during the time period
23.29 specified in this paragraph until the project has been awarded its full allocation amount.

23.30 ~~If an issuer that receives an allocation under this paragraph does not issue obligations equal~~
23.31 ~~to all or a portion of the allocation received~~ subdivision ~~within 120 days of the allocation~~
23.32 ~~or~~ ~~returns the allocation to the commissioner, the amount of the allocation is canceled and~~

24.1 returned for reallocation through the housing pool or to the unified pool after ~~July~~ June 15
24.2 but only if the return occurs in the same calendar year as the original allocation.

24.3 If an issuer that receives an allocation under this subdivision does not issue obligations
24.4 equal to all or a portion of the allocation by the last business day in December, the issuer
24.5 may elect to carry forward its allocation by submitting notice to the commissioner by the
24.6 last business day in December, including a resolution of intent to carry forward from its
24.7 local governing body, and paying an additional application deposit equal to one percent of
24.8 the allocation amount.

24.9 (b) ~~After January 1, and through January 15,~~ The Minnesota Housing Finance Agency
24.10 may accept applications, according to the schedule in paragraph (c), from cities for
24.11 single-family housing programs which meet program requirements as follows:

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

24.14 (2) the adjusted income of home buyers may not exceed 80 percent of the greater of
24.15 statewide or area median income as published by the Department of Housing and Urban
24.16 Development, adjusted for household size;

24.17 (3) house price limits may not exceed the federal price limits established for mortgage
24.18 revenue bond programs. Data on the home purchase price amount, mortgage amount, income,
24.19 household size, and race of the households served in the previous year's single-family
24.20 housing program, if any, must be included in each application; and

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

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

24.30 (c) The Minnesota Housing Finance Agency may accept applications under paragraph
24.31 (b) after June 1 in calendar years 2019 and 2020, and after January 1 and through January
24.32 15 starting in calendar year 2021.

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

25.8 Any city that received an allocation pursuant to paragraph ~~(f)~~ (g) in the same calendar
25.9 year that wishes to issue bonds on its own behalf or pursuant to a joint powers agreement
25.10 for an amount becoming available for single-family housing programs after ~~July 15~~ June 1
25.11 shall notify the Minnesota Housing Finance Agency by ~~July 15~~ June 1. The Minnesota
25.12 Housing Finance Agency shall notify each city making a request of the amount of its
25.13 allocation within three business days after ~~July 15~~ June 1. The city must comply with
25.14 paragraph ~~(f)~~ (g).

25.15 For purposes of ~~paragraphs (a) to (h)~~ this subdivision, "city" means a county or a
25.16 consortium of local government units that agree through a joint powers agreement to apply
25.17 together for single-family housing programs, and has the meaning given it in section 462C.02,
25.18 subdivision 6. "Agency" means the Minnesota Housing Finance Agency.

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

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

25.32 Total allocations from the housing pool for single-family housing programs may not
25.33 exceed 31 percent of the adjusted allocation to the housing pool ~~until after July 15~~.

26.1 ~~(e)~~ (f) The agency may issue bonds on behalf of participating cities. The agency shall
26.2 request an allocation from the commissioner for all applicants who choose to have the
26.3 agency issue bonds on their behalf and the commissioner shall allocate the requested amount
26.4 to the agency. The agency may request an allocation at any time after June 1 in calendar
26.5 years 2019 and 2020, and after the second Tuesday in January and through the last Monday
26.6 in July June starting in calendar year 2021. After awarding an allocation and receiving a
26.7 notice of issuance for the mortgage bonds issued on behalf of the participating cities, the
26.8 commissioner shall transfer the application deposits to the Minnesota Housing Finance
26.9 Agency to be returned to the participating cities. The Minnesota Housing Finance Agency
26.10 shall return any application deposit to a city that paid an application deposit under paragraph
26.11 (b), clause (4), but was not part of the list forwarded to the commissioner under paragraph
26.12 ~~(d)~~ (e).

26.13 ~~(f)~~ (g) A city may choose to issue bonds on its own behalf or through a joint powers
26.14 agreement and may request an allocation from the commissioner by forwarding an application
26.15 with an application fee pursuant to section 474A.03, subdivision 4, and a one percent
26.16 application deposit to the commissioner no later than the Monday of the week preceding
26.17 an allocation. If the total amount requested by all applicants exceeds the amount available
26.18 in the pool, the city may not receive a greater allocation than the amount it would have
26.19 received under the list forwarded by the Minnesota Housing Finance Agency to the
26.20 commissioner. No city may request or receive an allocation from the commissioner until
26.21 the list under paragraph ~~(d)~~ (e) has been forwarded to the commissioner. A city must request
26.22 an allocation from the commissioner no later than the last Monday in July June. No city
26.23 may receive an allocation from the housing pool for mortgage bonds which has not first
26.24 applied to the Minnesota Housing Finance Agency. The commissioner shall allocate the
26.25 requested amount to the city or cities subject to the limitations under this paragraph.

26.26 If a city issues mortgage bonds from an allocation received under this paragraph, the
26.27 issuer must provide for the recycling of funds into new loans. If the issuer is not able to
26.28 provide for recycling, the issuer must notify the commissioner in writing of the reason that
26.29 recycling was not possible and the reason the issuer elected not to have the Minnesota
26.30 Housing Finance Agency issue the bonds. "Recycling" means the use of money generated
26.31 from the repayment and prepayment of loans for further eligible loans or for the redemption
26.32 of bonds and the issuance of current refunding bonds.

26.33 ~~(g)~~ (h) No entitlement city or county or city in an entitlement county may apply for or
26.34 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)~~ (i) 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 ~~15~~ 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.

Subd. 2b. **Small issue pool allocation.** Commencing on the second Tuesday in January and continuing on each Monday through the last Monday in ~~July~~ June, 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~~ June, 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~~ June, 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.

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~~ June, 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.

Subd. 4. **Return of allocation; deposit refund for small issue pool or public facilities pool.** (a) For any requested allocation 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.

Subd. 4a. 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 (1) issue obligations equal to all or a portion of the allocation received under this section within the time period permitted by this section or (2) carry forward its allocation under section 474A.061, subdivision 2a, the issuer must notify the department as soon as possible, but no later than the last business day in December. If the issuer notifies the department prior to the last Monday in June, the amount of allocation is canceled and returned for reallocation through the housing pool. If the issuer notifies the department on or after the last Monday in June, but during the same calendar year as the original allocation, the amount of the 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 by the last Monday in November 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 allocation deposit for the amount of bonding authority returned between 46 and 90 days of receiving allocation; and

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

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

30.5 Sec. 29. Minnesota Statutes 2016, section 474A.062, is amended to read:

30.6 **474A.062 MINNESOTA OFFICE OF HIGHER EDUCATION ~~120-DAY~~ ISSUANCE**
30.7 **EXEMPTION.**

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

30.12 Sec. 30. Minnesota Statutes 2016, section 474A.091, is amended to read:

30.13 **474A.091 ALLOCATION OF UNIFIED POOL.**

30.14 Subdivision 1. **Unified pool amount.** On the day after the last Monday in ~~July~~ June any
30.15 bonding authority remaining unallocated from the small issue pool, the housing pool, and
30.16 the public facilities pool is transferred to the unified pool and must be reallocated as provided
30.17 in this section.

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

30.21 (1) a preliminary resolution;

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

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

30.30 (4) a sworn statement from the applicant identifying the project as either a preservation
30.31 project, 30 percent AMI residential rental project, 50 percent AMI residential rental project,

31.1 100 percent LIHTC project, 20 percent LIHTC project, or any other residential rental project;
 31.2 and

31.3 (5) a certification from the applicant or its accountant stating whether the requested
 31.4 allocation exceeds the aggregate bond limitation. Applications for projects requesting bonds
 31.5 in excess of the aggregate bond limitation may not apply or be allocated bonding authority
 31.6 until after September 1 each year.

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

31.14 (b) If an issuer that receives an allocation under this subdivision returns the allocation
 31.15 to the commissioner, the amount of the allocation is canceled and returned for reallocation
 31.16 through the unified pool only if the return occurs prior to the last Monday in November and
 31.17 within the same calendar year as the original allocation. If an issuer that receives an allocation
 31.18 under this subdivision does not issue obligations equal to all or a portion of the allocation
 31.19 by the last business day in December, the issuer may elect to carry forward its allocation
 31.20 by submitting notice to the commissioner by the last business day in December, including
 31.21 a resolution of intent to carry forward from its local governing body, and paying an additional
 31.22 application deposit equal to one percent of the allocation amount.

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

31.30 Subd. 2a. **Application for all other types of qualified bonds.** Issuers may apply for an
 31.31 allocation for all types of qualified bonds other than residential rental bonds under this
 31.32 section by submitting to the department an application on forms provided by the department
 31.33 accompanied by (1) a preliminary resolution, (2) a statement of bond counsel that the
 31.34 proposed issue of obligations requires an allocation under this chapter and the Internal

32.1 Revenue Code, (3) the type of qualified bonds to be issued, (4) an application deposit in
 32.2 the amount of two percent of the requested allocation, and (5) a public purpose scoring
 32.3 worksheet for manufacturing and enterprise zone applications. The issuer must pay the
 32.4 application deposit to the Department of Management and Budget. An entitlement issuer
 32.5 may not apply for an allocation for public facility bonds or mortgage bonds under this
 32.6 section unless it has either permanently issued bonds equal to the amount of its entitlement
 32.7 allocation for the current year plus any amount carried forward from previous years or
 32.8 returned for reallocation all of its unused entitlement allocation. For purposes of this
 32.9 subdivision, its entitlement allocation includes an amount obtained under section 474A.04,
 32.10 subdivision 6.

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

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

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

32.26 (1) applications for residential rental project bonds;

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

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

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

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

32.33 (2) applications for mortgage bonds;

- 33.1 (3) applications for public facility projects funded by public facility bonds;
- 33.2 (4) applications for small issue bonds for manufacturing projects;
- 33.3 (5) applications for small issue bonds for agricultural development bond loan projects;
- 33.4 (6) applications for residential rental project bonds;
- 33.5 (7) applications for enterprise zone facility bonds;
- 33.6 (8) applications for governmental bonds; and
- 33.7 (9) applications for redevelopment bonds.

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

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

33.23 (f) If there are two or more applications for residential rental projects from the unified
33.24 pool and there is insufficient bonding authority to provide allocations for all residential
33.25 rental projects in any one allocation period, the available bonding authority shall be awarded
33.26 in the following order of priority: (1) ~~projects that preserve existing federally subsidized~~
33.27 ~~housing; (2) projects that are not restricted to persons who are 55 years of age or older; and~~
33.28 ~~(3) preservation projects;~~ (2) 30 percent AMI residential rental projects; (3) 50 percent AMI
33.29 residential rental projects; (4) 100 percent LIHTC projects; (5) 20 percent LIHTC projects;
33.30 (6) other residential rental projects for which the amount of bonds requested in their
33.31 respective applications do not exceed the aggregate bond limitation; and (7) other residential
33.32 rental projects for which the amount of bonds requested in their respective applications
33.33 exceeds the aggregate bond limitation and which apply on or after September 1 of a calendar

year. 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 such projects in any one allocation period, available bonding authority shall be randomly awarded by lot. If a residential rental project is selected by lot, but the remaining bonding authority is insufficient to provide the full amount of its requested allocation, the project shall be allocated the remaining available unified pool bonding authority, and if the project applies for any additional available allocation within that calendar year or applies in the next successive housing pool or the next successive unified pool for an allocation of bonds, the project shall be awarded the lesser of the available bonding authority or the remainder of its full allocation before any new project applying in the same allocation period with an equal or lower priority shall receive bonding authority. The project shall continue to receive priority over other projects applying with an equal or lower priority during the time period specified in this paragraph until the project has been awarded its full allocation amount.

(g) From the ~~first Monday in August~~ Monday in November ~~August~~, \$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 amounts are available within the unified pool.

(h) 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.

(i) The total amount of allocations for student loan bonds from the unified pool may not exceed \$25,000,000 per year.

(j) 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.

(k) 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.

(l) The granting of an allocation of bonding authority under this section must be evidenced by issuance of a certificate of allocation.

Subd. 3a. **Mortgage bonds.** (a) Bonding authority remaining in the unified pool on October 1 is available for single-family housing programs for cities that applied in January or June and received an allocation under section 474A.061, subdivision 2a, in the same calendar year. The Minnesota Housing Finance Agency shall receive an allocation for mortgage bonds pursuant to this section, minus any amounts for a city or consortium that intends to issue bonds on its own behalf under paragraph (c).

(b) 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. Allocations shall be awarded by the commissioner each Monday commencing on the first Monday in October through the last Monday in November for applications received by 4:30 p.m. on the Monday of the week preceding an allocation.

For cities who choose to have the agency issue bonds on their behalf, allocations will be made loan by loan, on a first-come, first-served basis among the cities. The agency shall submit an application fee pursuant to section 474A.03, subdivision 4, and an application deposit equal to two percent of the requested allocation to the commissioner when requesting an allocation from the unified pool. After awarding an allocation and receiving a notice of issuance for mortgage bonds issued on behalf of the participating cities, the commissioner shall transfer the application deposit to the Minnesota Housing Finance Agency.

For purposes of paragraphs (a) to (d), "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 6. "Agency" means the Minnesota Housing Finance Agency.

(c) Any city that received an allocation pursuant to section 474A.061, subdivision 2a, paragraph (f), in the current year that wishes to receive an additional allocation from the unified pool and issue bonds on its own behalf or pursuant to a joint powers agreement shall notify the Minnesota Housing Finance Agency by the third Monday in September. The total amount of allocation for mortgage bonds for a city choosing to issue bonds on its own behalf or through a joint powers agreement is limited to the lesser of: (i) the amount requested, or (ii) the product of the total amount available for mortgage bonds from the unified pool, multiplied by the ratio of the population of each city that applied in January and received an allocation under section 474A.061, subdivision 2a, in the same calendar year, as

determined by the most recent estimate of the city's population released by the state demographer's office to the total of the population of all the cities that applied in January and received an allocation under section 474A.061, subdivision 2a, in the same calendar year. If a city choosing to issue bonds on its own behalf or through a joint powers agreement is located within a county that has also chosen to issue bonds on its own behalf or through a joint powers agreement, the city's population will be deducted from the county's population in calculating the amount of allocations under this paragraph.

The Minnesota Housing Finance Agency shall notify each city choosing to issue bonds on its own behalf or pursuant to a joint powers agreement of the amount of its allocation by October 15. Upon determining the amount of the allocation of each choosing to issue bonds on its own behalf or through a joint powers agreement, the agency shall forward a list specifying the amounts allotted to each city.

A city that chooses to issue bonds on its own behalf or through a joint powers agreement may request an allocation from the commissioner by forwarding an application with an application fee pursuant to section 474A.03, subdivision 4, and an application deposit equal to two percent of the requested amount to the commissioner no later than 4:30 p.m. on the Monday of the week preceding an allocation. Allocations to cities that choose to issue bonds on their own behalf shall be awarded by the commissioner on the first Monday after October 15 through the last Monday in November. No city may receive an allocation from the commissioner after the last Monday in November. The commissioner shall allocate the requested amount to the city or cities subject to the limitations under this subdivision.

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.

(d) 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 unified pool.

(e) An allocation awarded to the agency for mortgage bonds under this section may be carried forward by the agency subject to notice requirements under section 474A.131.

Subd. 4. **Remaining bonding authority.** All remaining bonding authority available for allocation under this section on December 1, is allocated to the Minnesota Housing Finance Agency.

Subd. 5. **Return of allocation; deposit refund.** (a) If an issuer that receives an allocation under this section determines that it will not (1) issue obligations equal to all or a portion of the allocation received under this section within ~~120 days~~ the time period permitted by this section or (2) carry forward its allocation under section 474A.091, subdivision 2, by the last business day in December of the allocation or within the time period permitted by federal tax law, whichever is less, the issuer must notify the department as soon as possible but no later than the last business day in December. 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.

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

(c) An issuer that returns for reallocation all or a portion of an allocation for residential rental project bonds received under this section by the last Monday in November 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;

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

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

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

38.7 Subd. 6. **Final allocation; carryforward.** Notwithstanding the notice requirements of
38.8 section 474A.131, subdivision 2, any bonding authority remaining unissued by the Minnesota
38.9 Housing Finance Agency on the last business day in December shall be carried forward
38.10 into the next calendar year by the commissioner for the Minnesota Housing Finance Agency.

38.11 **EFFECTIVE DATE.** This section is effective January 1, 2019, except for subdivision
38.12 3, paragraph (g), which is effective the day following final enactment.

38.13 Sec. 31. Minnesota Statutes 2016, section 474A.131, is amended to read:

38.14 **474A.131 NOTICE OF ISSUE AND NOTICE OF CARRYFORWARD.**

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

38.18 (1) the date of issuance of the bonds;

38.19 (2) the title of the issue;

38.20 (3) the principal amount of the bonds;

38.21 (4) the type of qualified bonds under federal tax law;

38.22 (5) the dollar amount of the bonds issued that were subject to the annual volume cap;

38.23 and

38.24 (6) for entitlement issuers and issuers of residential rental housing obligations that have
38.25 elected to carry forward an allocation, whether the allocation is from current year entitlement
38.26 authority or is from carryforward authority.

38.27 (b) For obligations that are issued as a part of a series of obligations, a notice must be
38.28 provided for each series. A penalty of one-half of the amount of the application deposit not
38.29 to exceed \$5,000 shall apply to any issue of obligations for which a notice of issue is not
38.30 provided to the department within five business days after issuance or before 4:30 p.m. on
38.31 the last business day in December, whichever occurs first. Within 30 days after receipt of

a notice of issue the department shall refund a portion of the application deposit equal to one percent of the amount of the bonding authority actually issued if a one percent application deposit was made, or equal to two percent of the amount of the bonding authority actually issued if a two percent application deposit was made, less any penalty amount.

(c) If an issuer that receives an allocation under this chapter for a residential rental project issues obligations as provided in this chapter, 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 will be refunded within 30 days after the date on which (1) final Internal Revenue Service Forms 8609 are provided to the commissioner with respect to preservation projects, 30 percent AMI residential rental projects, 50 percent AMI residential rental projects, 100 percent LIHTC projects, or 20 percent LIHTC projects, or (2) the issuer provides a certification and any other reasonable documentation requested by the commissioner evidencing that construction of the project has been completed. If the issuer receives an allocation under this chapter for a residential rental project and fails to issue the bonds within the time permitted by federal law, the application deposit shall be forfeited.

Subd. 1a. **Certificate of notice.** If an allocation received under this chapter is used for mortgage credit certificates, a certificate notice must be submitted to the department on forms provided by the department stating the date of the filing of the election not to issue bonds as provided under section 25, paragraph (c), of the Internal Revenue Code and the amount of allocation authority to be used under the program.

A penalty of one-half of the amount of the application deposit not to exceed \$5,000 shall apply to any mortgage credit certificate program for which a certificate notice is not provided to the department within five days of the date of the filing of the election not to issue bonds or before the last Monday in December, whichever occurs first. Within 30 days after receipt of a certificate notice the department shall refund a portion of the application deposit equal to one percent of the amount of the bonding authority to be used for the mortgage credit certificate program, less any penalty amount.

Subd. 1b. **Deadline for issuance of qualified bonds.** If an issuer fails to notify the department before 4:30 p.m. on the last business day in December of issuance of obligations pursuant to an allocation received for any qualified bond project, election to carry forward an allocation for a residential rental project, or issuance of an entitlement allocation, the allocation is canceled and the bonding authority is allocated to the Minnesota Housing Finance Agency for carryforward by the commissioner under section 474A.091, subdivision 6.

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.

Subd. 3. **Irrevocable allocation.** The department may not revoke an allocation received under this chapter after receiving a notice of issue or certificate notice from the issuer.

Subd. 4. **Allocation plan.** By January 15 of each year, the commissioner of the Minnesota Housing Finance Agency shall annually prepare a tax-exempt bond allocation plan that identifies the amount of tax-exempt bonds allocated to the Minnesota Housing Finance Agency during the previous calendar year, identifies the amount of carryforward bonds and the respective issuers pursuant to subdivision 1b, and for all other bond carryforward, whether or not the Minnesota Housing Finance Agency intends to carryforward such bonds not otherwise allocated in the previous year as qualified residential rental bonds or qualified mortgage bonds or mortgage credit certificates consistent with the requirements of Internal Revenue Service Form 8328, identifies the carryforward balance of any tax-exempt bonds allocated to the Minnesota Housing Finance Agency including those bonds carried forward as qualified residential rental bonds and qualified mortgage bonds or mortgage credit certificates. Prior to January 15 of each year, the Minnesota Housing Finance Agency must post on its official Web site the tax-exempt bond allocation plan and invite public comment until February 1. The Minnesota Housing Finance Agency shall not file the Internal Revenue Service Form 8328 until the public comment period had closed on February 1 unless otherwise required by federal law.

Sec. 32. Minnesota Statutes 2016, section 474A.14, is amended to read:

474A.14 NOTICE OF AVAILABLE AUTHORITY.

The department shall provide at its official Web site 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 Web site a written notice of the amount of bonding authority available for allocation in the unified pool as soon after ~~August~~ July 1 as possible.

Sec. 33. Minnesota Statutes 2016, section 474A.21, is amended to read:

474A.21 APPROPRIATION; RECEIPTS.

Any fees collected by the department under sections 474A.01 to 474A.21 must be deposited in a separate account in the general fund. The amount necessary to refund application deposits is appropriated to the department from the separate account in the general fund for that purpose. The interest accruing on application deposits and any application deposit not refunded as provided under section 474A.061, subdivision 4 or subdivision 4a, or 474A.091, subdivision 5, or forfeited as provided under section 474A.131, subdivision 1, paragraph (c), or subdivision 2, must be deposited in the housing trust fund account under section 462A.201.

Sec. 34. Minnesota Statutes 2016, section 507.18, subdivision 2, is amended to read:

Subd. 2. **Restriction only is void.** Every provision referred to in subdivision 1 shall be void, regardless of the year the written instrument was executed, but the instrument shall have full force in all other respects and shall be construed as if no such provision were contained therein.

Sec. 35. Minnesota Statutes 2016, section 507.18, is amended by adding a subdivision to read:

Subd. 5. **Discharge of restrictive covenants related to protected classes.** The owner of any real property may file the statutory form provided in this section in any county where the property is located to discharge a restrictive covenant related to a protected class permanently from the title. This subdivision does not apply to real property registered under chapter 508 or 508A. The removal of the restrictive covenant is valid and enforceable under the law of Minnesota when the statutory form, or a substantially similar form, is properly recorded. For the purposes of this subdivision and subdivision 6, a "protected class" has the meaning given in section 363A.09, but does not include the exceptions provided in section 363A.21.

Sec. 36. Minnesota Statutes 2016, section 507.18, is amended by adding a subdivision to read:

Subd. 6. **Filing; recording.** (a) The county recorder must accept the statutory form provided in this subdivision for recording when:

(1) the form has been executed before a notary;

(2) the form contains the legal description of the property;

(3) the form contains the name and address of the person who drafted the form; and

42.1 (4) the form complies with the standards for recorded documents in section 507.093.

42.2 (b) The commissioner of commerce must provide electronic copies of the statutory form
42.3 in this subdivision to the public free of cost.

42.4 (c) The filing of this form does not alter or affect the duration or expiration of covenants,
42.5 conditions, or restrictions under section 500.20 and may not be used to extend the effect of
42.6 a covenant.

42.7 (d) The statutory form that follows may be used to discharge restrictive covenants on
42.8 property that limit the ownership, occupancy, use, or financing based on protected class:

42.9 DISCHARGE OF RESTRICTIVE COVENANT AFFECTING PROTECTED CLASSES

42.10 Pursuant to Minnesota Statutes, section 507.18, any restrictive covenant affecting a
42.11 protected class, including covenants which were placed on the property with the intent of
42.12 restricting the use, occupancy, ownership, or financing because of a person's protected class,
42.13 is discharged and released from the land described herein.

42.14 I/we,, solemnly swear that
42.15 the contents of this form are true to the best of my/our knowledge, except as to those matters
42.16 stated on information and belief, and that as to those matters I/we believe them to be true.

42.17 Name and Address of Owner(s)

42.18 The real property owned by owner(s) is located in County,
42.19 Minnesota, and is legally described as follows:

42.20 OWNER(s),, swears and affirms
42.21 that Owner(s) is/are 18 years of age or older and is/are not under any legal incapacity and
42.22 that the information provided in this form is true and correct based on the information
42.23 available and based on reasonable information and belief:

42.24 (1) a restrictive covenant which had the intent to restrict the use, occupancy, ownership,
42.25 or financing of this property based on a protected class existed at one time related to the
42.26 property described in this form;

42.27 (2) restrictive covenants relating to or affecting protected classes are unenforceable and
42.28 void pursuant to Minnesota Statutes, sections 507.18 and 363A.09, the United States
42.29 Constitution, and the Minnesota Constitution;

42.30 (3) Minnesota Statutes, section 507.18, allows for the discharge of a restrictive covenant
42.31 of the nature described herein through the use of this statutory form to permanently discharge

43.1 such covenants from the land described herein and release the current and future landowner(s)
43.2 from any such restrictive covenant related to or affecting protected classes;

43.3 (4) any covenant not related to protected classes but related to the real property described
43.4 herein shall have full force in all other respects; and

43.5 (5) the filing of this form does not alter or change the duration or expiration of covenants,
43.6 conditions, or restrictions under Minnesota Statutes, section 500.20.

43.7 The affiant(s) know(s) the matters herein stated are true and make(s) this affidavit for
43.8 the purpose of documenting the discharge of the illegal and unenforceable restrictive
43.9 covenants affecting protected classes.

43.10
43.11 Affiant (Owner(s) Signature)

43.12 Signed and sworn before me on
43.13 (Date), by
43.14 (Affiant/Owner)

43.15
43.16 Signature of Notary

43.17 Stamp
43.18 My commission expires

43.19 This instrument was drafted by:
43.20 Name

43.21
43.22 Address

43.23 Sec. 37. Laws 2014, chapter 312, article 2, section 14, as amended by Laws 2016, chapter
43.24 189, article 7, section 8, and Laws 2017, chapter 94, article 6, section 17, is amended to
43.25 read:

43.26 **Sec. 14. ASSIGNED RISK TRANSFER.**

43.27 (a) By June 30, 2015, if the commissioner of commerce determines on the basis of an
43.28 audit that there is an excess surplus in the assigned risk plan created under Minnesota
43.29 Statutes, section 79.252, the commissioner of management and budget shall transfer the
43.30 amount of the excess surplus, not to exceed \$10,500,000, to the general fund. This transfer
43.31 occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1,
43.32 paragraph (a), clause (1). This is a onetime transfer.

43.33 (b) By June 30, 2015, and each year thereafter, if the commissioner of commerce
43.34 determines on the basis of an audit that there is an excess surplus in the assigned risk plan

created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed \$4,820,000 each year, to the Minnesota minerals 21st century fund under Minnesota Statutes, section 116J.423. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1), but after the transfers authorized in paragraphs (a) and (f). The total amount authorized for all transfers under this paragraph must not exceed \$24,100,000. This paragraph expires the day following the transfer in which the total amount transferred under this paragraph to the Minnesota minerals 21st century fund equals \$24,100,000.

(c) By June 30, 2015, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed \$4,820,000, to the general fund. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1), but after any transfers authorized in paragraphs (a) and (b). If a transfer occurs under this paragraph, the amount transferred is appropriated from the general fund in fiscal year 2015 to the commissioner of labor and industry for the purposes of section 15. Both the transfer and appropriation under this paragraph are onetime.

(d) By June 30, 2016, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed \$4,820,000, to the general fund. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1), but after the transfers authorized in paragraphs (a) and (b). If a transfer occurs under this paragraph, the amount transferred is appropriated from the general fund in fiscal year 2016 to the commissioner of labor and industry for the purposes of section 15. Both the transfer and appropriation under this paragraph are onetime.

(e) Notwithstanding Minnesota Statutes, section 16A.28, the commissioner of management and budget shall transfer to the general fund, any unencumbered or unexpended balance of the appropriations under paragraphs (c) and (d) remaining on June 30, 2016, or the date the commissioner of commerce determines that an excess surplus in the assigned risk plan does not exist, whichever occurs earlier.

(f) By June 30, ~~2017~~ 2018, and each year thereafter, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and

budget shall transfer the amount of the excess surplus, not to exceed ~~\$2,000,000~~ \$3,000,000 each year, to the ~~rural policy and development center fund under Minnesota Statutes, section 116J.4221~~ Minnesota manufactured home relocation trust fund established in Minnesota Statutes, section 462A.35, subdivision 1. This transfer occurs prior to any transfer under paragraph (b) or under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1). The total amount authorized for all transfers under this paragraph must not exceed ~~\$2,000,000~~ \$3,000,000. This paragraph expires the day following the transfer in which the total amount transferred under this paragraph to the ~~rural policy and development center fund~~ Minnesota manufactured home relocation trust fund equals ~~\$2,000,000~~ \$3,000,000.

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

Sec. 38. **ADVANCES TO THE MINNESOTA MANUFACTURED HOME RELOCATION TRUST FUND.**

(a) Until June 30, 2020, the Minnesota Housing Finance Agency or Department of Management and Budget as determined by the commissioner of management and budget, is authorized to advance up to \$400,000 from state appropriations or other resources to the Minnesota manufactured home relocation trust fund established under Minnesota Statutes, section 462A.35, if the account balance in the Minnesota manufactured home relocation trust fund is insufficient to pay the amounts claimed under Minnesota Statutes, section 327C.095, subdivision 13.

(b) The Minnesota Housing Finance Agency or Department of Management and Budget shall be reimbursed from the Minnesota manufactured home relocation trust fund for any money advanced by the agency under paragraph (a) to the fund. Approved claims for payment to manufactured home owners shall be paid prior to the money being advanced by the agency or the department to the fund.

Sec. 39. **HOUSING AFFORDABILITY FUND; 2019 ALLOCATIONS.**

Allocations from the Housing Finance Agency's housing affordability fund, pool 3, in 2019, shall include a set-aside of ten percent for single-family home ownership development and rental housing for up to a four-plex in municipalities with a population under 10,000, or for manufactured housing projects. The set-aside shall remain until June 1, 2019, after which any money remaining in the set-aside shall be available to all eligible projects.

46.1 Sec. 40. **REPORT; COSTS OF LOCAL ACTIONS ON AFFORDABLE HOUSING.**

46.2 By January 15, 2019, the commissioner of the Housing Finance Agency shall report to
46.3 the members of the legislative policy and finance committees with jurisdiction over housing
46.4 on the effects of local regulatory, fee, and zoning decisions that raise the cost of development
46.5 of affordable housing.

46.6 Sec. 41. **REPEALER.**

46.7 Minnesota Statutes 2016, section 471.9996, subdivision 2, is repealed.

46.8 Sec. 42. **EFFECTIVE DATE.**

46.9 Except as otherwise noted, sections 11 and 16 to 33 are effective January 1, 2019.