A bill for an act

relating to housing; modifying certain expenditure provisions of the housing development fund; repealing certain allowed expenditures for the Minnesota Housing Finance Agency; amending Minnesota Statutes 2024, sections 462A.20, subdivisions 2, 3, by adding a subdivision; 462A.21, subdivisions 10, 12a, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 462A; repealing Minnesota Statutes 2024, section 462A.21, subdivisions 3b, 5, 23, 26.

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

Section 1. Minnesota Statutes 2024, section 462A.20, subdivision 2, is amended to read:

Subd. 2. **Which money in fund.** There shall be paid into the housing development fund:

(1) any moneys appropriated before July 1, 2027, and made available by the state for the purposes of the fund;

(2) any moneys transferred into on or after July 1, 2027, and made available by the state for the purposes of the fund;

~~(2)~~ (3) any moneys which the agency receives in repayment of advances made from the fund;

~~(3)~~ (4) any other moneys which may be made available to the agency for the purpose of the fund from any other source or sources;

~~(4)~~ (5) all fees and charges collected by the agency;

~~(5)~~ (6) all interest or other income not required by the provisions of a resolution or indenture securing notes or bonds to be paid into another special fund.

Sec. 2. Minnesota Statutes 2024, section 462A.20, subdivision 3, is amended to read:

Subd. 3. **Separate accounts; transfers; limits.** Whenever any money is appropriated by the state to the agency solely for a specified purpose or purposes, the agency shall establish a separate bookkeeping account or accounts in the housing development fund to record the receipt and disbursement of such money and of the income, gain, and loss from the investment and reinvestment thereof. Earnings from investment of any amounts appropriated by the state to the agency for a specified purpose or purposes may be aggregated. The costs and expenses necessary and incidental to the development and operation of all programs funded by state appropriations may be paid from the aggregated earnings from investments prior to periodic distributions of earnings to separate accounts to be used for the same purpose as the respective original appropriation. The agency may transfer unencumbered balances from one appropriated account to another, provided that no money appropriated for the purpose of agency loan programs may be transferred to an account to be used for making grants, except that money appropriated for the purpose of section 462A.05, subdivision 14a, may be transferred for the purpose of section 462A.05, subdivision 15a. This subdivision applies to appropriations made before July 1, 2027.

Sec. 3. Minnesota Statutes 2024, section 462A.20, is amended by adding a subdivision to read:

Subd. 3a. **Separate accounts; transfers; limits.** Whenever any money is appropriated from the housing development fund by the state to the agency solely for a specified purpose or purposes, the agency shall establish a separate bookkeeping account or accounts in the housing development fund to record the receipt and disbursement of such money and of the income, gain, and loss from the investment and reinvestment thereof. Earnings from investment of any amounts appropriated by the state from the housing development fund to the agency for a specified purpose or purposes may be aggregated. The costs and expenses necessary and incidental to the development and operation of all programs funded by state appropriations may be paid from the aggregated earnings from investments from the housing development fund prior to periodic distributions of earnings to separate accounts to be used for the same purpose as the respective original appropriation. The agency may transfer unencumbered balances from one appropriated account to another, provided that no money appropriated for the purpose of agency loan programs may be transferred to an account to be used for making grants, except that money appropriated for the purpose of section 462A.05, subdivision 14a, may be transferred for the purpose of section 462A.05, subdivision 15a. This subdivision applies to appropriations made on or after July 1, 2027.

Sec. 4. **[462A.2094] CAPACITY BUILDING GRANTS.**

The agency may make capacity building grants to nonprofit organizations, local government units, Indian tribes, and Indian tribal organizations to expand their capacity to provide affordable housing and housing-related services. The grants may be used to assess housing needs and to develop and implement strategies to meet those needs, including but not limited to the creation or preservation of affordable housing, prepurchase and postpurchase counseling and associated administrative costs, and the linking of supportive services to the housing. The agency shall adopt policies and procedures specifying the eligible uses of grant money. Funding priority may be given to those applicants that include low-income persons in their membership, have provided housing-related services to low-income people, and demonstrate a local commitment of local resources, which may include in-kind contributions.

Sec. 5. Minnesota Statutes 2024, section 462A.21, subdivision 10, is amended to read:

Subd. 10. **Certain appropriations available until expended.** Notwithstanding the repeal of section 462A.26 and the provisions of section 16A.28 or any other law relating to lapse of an appropriation, the appropriations made to the agency by the legislature in 1976 and subsequent years are available until fully expended, and the allocations provided in the appropriations remain in effect. Earnings from investments of any of the amounts appropriated to the agency are appropriated to the agency to be used for the same purposes as the respective original appropriations, after payment of the costs and expenses necessary and incidental to the development and operation of the programs authorized under this chapter. This subdivision applies to appropriations made before July 1, 2027.

Sec. 6. Minnesota Statutes 2024, section 462A.21, is amended by adding a subdivision to read:

Subd. 10a. **Certain appropriations available until expended.** Notwithstanding section 16A.28 or any other law relating to lapse of an appropriation, the appropriations made from the housing development fund to the agency by the legislature are available until fully expended, and the allocations provided in the appropriations remain in effect. Earnings from investments of any of the amounts appropriated to the agency are appropriated to the agency to be used for the same purposes as the respective original appropriations, after payment of the costs and expenses necessary and incidental to the development and operation of the programs authorized under this chapter. This subdivision applies to appropriations made on or after July 1, 2027.

Sec. 7. Minnesota Statutes 2024, section 462A.21, subdivision 12a, is amended to read:

Subd. 12a. **Program money transfer.** Unencumbered balances of money appropriated for the purpose of loans or grants for agency programs under these subdivisions may be transferred between programs created by these subdivisions or in accordance with section 462A.20, subdivision 3. This subdivision applies to appropriations made before July 1, 2027.

Sec. 8. Minnesota Statutes 2024, section 462A.21, is amended by adding a subdivision to read:

Subd. 12b. **Program money transfer.** Unencumbered balances of money appropriated from the housing development fund for the purpose of loans or grants for agency programs under these subdivisions may be transferred between programs created by these subdivisions or in accordance with section 462A.20, subdivision 3. This subdivision applies to appropriations made on or after July 1, 2027.

Sec. 9. **REPEALER.**

Minnesota Statutes 2024, section 462A.21, subdivisions 3b, 5, 23, and 26, are repealed.

Sec. 10. **EFFECTIVE DATE.**

This act is effective July 1, 2027.