

**MINNESOTA
HOUSING
FINANCE
AGENCY**



July 23, 1991


Maryanne Hruby, Director
Legislative Commission to Review Administrative Rules
55 State Office Bldg.
100 Constitution Ave.
St. Paul, MN 55155

Dear Ms. Hruby:

I have enclosed a copy of the Statement of Need and Reasonableness on the proposed rules relating to Accessibility Deferred and Home Improvement Loan Programs for your files.

If you have any questions call me at 296-9794.

Sincerely,


Susan K. Noren
Legal Secretary

SKN
Enc.

The Legislative Commission to
Review Administrative Rules

JUL 26 1991



State of Minnesota

Minnesota Housing Finance Agency

In the Matter of the Proposed Rules
Relating to the Accessibility Deferred
and Home Improvement Loan Programs

Statement of Need
and Reasonableness

4900.0010

This part sets forth definitions for the purposes of Parts 4900.0510 to 4900.0520 and Parts 4900.0750 to 4900.0780.

Subp. 23D

This subpart sets forth the maximum income and assets of households applying for accessibility loans described in parts 4900.0750 to 4900.0780, and establishes them to be the same as for the revolving loan program in parts 4900.0610 to 4900.0700. This revision is both reasonable and necessary to implement the Minnesota Housing Finance Agency's Board policy of restricting access to this very limited and favorable source of accessibility improvement financing to those least able to afford and/or offer acceptable collateral for conventional financing, or to afford financing that is subsidized, but which requires monthly payments.

As with revolving loans, the income limit for accessibility loans establishes a higher limit for the seven-county twin cities area in recognition of the higher income levels in that region of the state.

Subp. 23E

This subpart is revised to eliminate reference to accessibility deferred loans, which income limits are now set forth in Subpart 23D.

This subpart also sets forth income limits for home improvement loans described in parts 4900.0510 to 4900.0520, and accessibility improvement assistance described in parts 4900.0710 to 4900.0740. Accessibility improvement assistance is a grant program that has not been funded for several years and for which there are no plans for resuming funding. It was intended to be used in conjunction with home improvement loans; thus the two programs share a common income limit.

This revision is necessary to ensure that income limits in the program do not exceed the income limits established by the federal government for federally subsidized mortgages for low- and moderate-income families. To exceed those income limits would endanger the tax-exempt status of the bonds the Agency sells to provide subsidized mortgages for low- and moderate-income families in the program.

4900.0770

This part sets forth the type of accessibility loan assistance that is available, and certain limits on assistance amounts.

Subp. 1.

Previously, this subpart provided for partial deferred loan funding for persons with incomes above the income limit for rehabilitation deferred loans. The share of the total project that would be funded with a deferred loan would decrease as household income increased. The subpart also provided that lower income households receive first priority for funding.

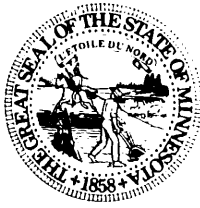
Revisions to subpart 1 provide for full deferred loan funding of eligible improvements, up to the maximum loan amount, for those households meeting the income limits established in Part 4900.0010, subpart 23D. This revision is reasonable and necessary to target a limited resource to those who are least able to afford conventional, or subsidized financing requiring monthly payments.

Subp. 4

Revisions to this subpart provide for additional loans within a five-year period when a significant change in the handicapped household member's condition again makes the home inaccessible. This revision is reasonable to further the State policy of keeping disabled persons in a setting in which they may continue to function. It is anticipated that this revision will protect the State's investment in the property at minimal cost, since some of the previously installed improvements will continue to be functional and of use to the handicapped resident.

The Agency is cognizant of the provisions of Section 14.115 of Minnesota Statutes, entitled Small Business Considerations in Rulemaking. To the extent that the home improvement loan and accessibility loan funds directly benefit the low income occupants in structures within the Agency's Programs, the statute is inapplicable. To the extent that the funds may inure to the benefit of small businesses, the proposed rules do not establish any compliance or reporting requirements, design or operational standards not mandated by the federal government, and the effect of the Agency's Programs in making the loan funds available is to make decent, safe, and sanitary housing affordable for low income persons and, as a consequence, the proposed regulations have no negative effect on small businesses.

LCRAR



Legislative Commission

to Review Administrative Rules

Representative Peter Rodosovich
Chair

Senator Phil Riveness
Vice Chair

55 State Office Building
St. Paul, Minnesota 55155-1201
Telephone 612/296-1143

Maryanne V. Hruby, Director

July 19, 1991

*proposed 6/24/91 S.R.
received 7/26/91*

Susan K. Noren
Minnesota Housing Finance Agency
Legal Division
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101-1998

Dear Ms. Noren:

I write to request a copy of the Minnesota Housing Finance Agency's Statement of Need and Reasonableness (SONAR) for recently published rules relating to accessibility deferred and home improvement loan program.

As you may know, Minnesota Statutes, sections 14.131 and 14.23 now require state agencies to provide copies of SONAR's to the LCRAR when they become available for public review.

If you have not already done so, please send a copy of the SONAR for these proposed rules to:

The Legislative Commission to Review Administrative Rules
Maryanne Hruby, Director
55 State Office Building
St. Paul, Minnesota 55155

Please contact me at 296-1143 if you have any questions.

Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Michele Swanson".

Michele Swanson
Commission Secretary

