

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the proposed
Adoption of Rules of the Minnesota
Housing Finance Agency
Relating to the Low Income Persons
Living Alone Housing Program

Statement of Need
and Reasonableness

4900.1900

This part describes the scope of parts 4900.1900 to 4900.1915.

4900.1095

This part sets forth definitions for the purposes of parts 4900.1900 to 4900.1915.

Subpart 1. Describes the purpose of this section giving definitions.

Subpart 2. A single word reference to the Minnesota Housing Finance Agency is incorporated for brevity.

Subpart 3. A definition of Applicant is utilized for brevity.

Subpart 4. A definition of Application is also utilized for conciseness of presentation.

Subpart 5. The definition of Low Income Persons Living Alone Housing Program or Program provides a description of the purpose of the Agency's program and a brief outline of how the program functions and for whom it is intended.

Subpart 6. The definition of Low Income Persons Living Alone is necessary to clarify the meaning of those words when used in the context of the rules. The requirements necessary and listed under this subpart are necessary and reasonable as they are in the same form as the requirements contained in the enabling legislation.

4900.1910.

This part specifies the Agency requirements for eligibility for a Program grant. These requirements are necessary to ensure that the recipients will be able to utilize the funds properly and carry out the purposes of the Program.

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Rule*

Subpart 1. It is reasonable and necessary to specify what must be contained in an application in order for the project described therein to be considered for a grant.

Item A implements the requirement contained in the enabling legislation that the housing be exclusively for the use of low income persons living alone.

Item B describes the conditions of the lease which must be offered to the occupants. Subitems (1) through (4) implement the requirements contained in the enabling legislation.

Item C implements the requirement contained in the enabling legislation which limits the amount of the grant to 50% of the total development cost of the housing.

Item D requires applicants to provide a written comprehensive plan for providing a Low Income Persons Living Alone Housing Program, as well as documentation of their ability to establish and maintain such a program. The specific requirements in subitems 1 through 7 describe the exact information to be submitted. This is reasonable to enable Agency staff to properly evaluate each submittal, based upon complete data submitted according to specified criteria.

Subitem (1) requires a documentation of need, which is reasonable to ensure that programs are funded only in areas of the greatest need.

Subitem (2) requires a description of the applicant's goals and objectives, which is necessary to enable Agency staff to evaluate the validity and attainability of the stated goals.

Subitem (3) requires a description of how the housing will be developed and managed, including qualifications of the staff, description of the site, preliminary plans and tenant selection criteria. This is reasonable since Agency staff must have this information to accurately evaluate the probabilities for success of the intended program.

Subitem (4) requires a detailed budget for the development of the proposed housing, which is necessary and reasonable to allow Agency staff to evaluate the financial feasibility of the application.

Subitem (5) requires a detailed budget for the operation of the proposed program which is necessary and reasonable to allow agency staff to evaluate the long term viability of the proposed program.

Subitem (6) requires documentation of fiscal responsibility and the applicant's ability to establish and maintain a Low Income Persons Living Alone Housing program. It is reasonable and necessary to verify fiscal responsibility and experience before awarding a grant to an applicant, to minimize failed programs.

Subitem (7) requires evidence of community support for the proposed program which is reasonable and necessary as community support is critical to the success of this type of housing both in financial support and neighborhood acceptance.

Subpart 2. Implements the requirements contained in the enabling legislation relating to eligibility requirements of the Applicant. Items A through D specify which types of entities are eligible applicants which is necessary to inform potential applicants of the specific restrictions imposed by the legislation.

4900.1915

This part sets forth the criteria which the Agency will consider when determining which applicants will receive a grant under the Program. This is reasonable so that applicants know on what basis their proposals will be evaluated, and necessary so that Agency staff can evaluate all proposals on the same basis.

Item A. Provides a criteria which will favor those applicants who have had prior experience in establishing and maintaining a similar program, which will assist in ensuring the success of new programs.

Item B. Provides a criteria which will favor those applicants who have access to other funds to combine with the Agency's grant thereby making the program more feasible and affordable.

Item C. Establishes a criteria which favors those applicants who can demonstrate their ability to proceed expeditiously with the program, thereby ensuring timely utilization of the grant funds.

Item D. Establishes a criteria which will favor those proposals which are to be located in the areas of the state where the need for such programs is the greatest, thereby maximizing the benefits of the Program.

Item E. Establishes a criteria which favor those proposals which can provide the highest quality housing at the lowest cost thereby maximizing the use of the allocated funds.

Item F. Establishes a criteria which favor those proposals with the lowest rents for the low income tenants thereby making the housing available to those who need it most.

Item G. Establishes a criteria which favor those proposals which will result in a reasonable geographic distribution of programs throughout the state.

Item H. Encourages selection of proposals which have strong community support, thereby improving their chances for success.

The Agency is cognizant of the provisions of Section 14.115 of Minnesota Statutes, entitled Small Business Considerations in Rule-making. To the extent that the Low Income Persons Living Along Housing Program funds directly benefit low income tenants which are the subject of the Agency's Program, the statute is inapplicable. To the extent that the funds inure to the benefit of small businesses, the proposed rules do not establish any compliance or reporting requirements, or design or operational standards, and the effect of the Agency's Program in making the loan or grant funds available is to make continually affordable, decent, safe, and sanitary housing for low and moderate income elderly homeowners and, as a consequence, the proposed regulations have no negative effect on small businesses.