

State of Minnesota

Minnesota Housing Finance Agency

In the Matter of the Proposed Rules
Relating to American Indian Housing

Statement of Need
and Reasonableness

4900.0920:

Minnesota Statutes, Section 462A.07, subdivision 14 establishes that the Minnesota Housing Finance Agency (Agency) may engage in housing program for low and moderate American Indians that are to be developed and administered by specified Indian tribes, bands or communities, and that such programs must conform to rules promulgated by the Agency concerning program administration. These rules include a rule pertaining to qualifications for housing in Minnesota Rules Part 4900.0920. It is hereby proposed that this rule be amended.

Specifically, the proposed change to this rule pertains to the definition of low and moderate income for purposes of the American Indian housing programs. Under the previous rule, American Indian families had to meet the requirement of part 4900.0010, subpart 23, to be considered of low and moderate income. This rule promulgates specific income limits based upon interest rates for both newly constructed homes and existing homes. The proposed change defines low and moderate income in terms of the limits within part 4900.0010, subpart 23, for new construction only.

One of the primary purposes for which the American Indian housing programs were created was to increase the supply of residential housing on Indian reservations throughout the state. Over the years, the majority of funds appropriated for these programs have gone to support new construction. As may be expected, the value of these homes is usually significantly greater than the value of existing homes upon the reservation. Upon closing of a newly constructed home, it becomes an existing home for the purposes of the next potential purchaser. As a result, the existing home income limits have been inadequate to provide for resale of homes that were previously classified as new construction. The proposed change to this rule remedies this problem and validates a current process that has been implemented by tribal housing authorities.

The Agency is cognizant of the provisions of Section 14.115 of the Minnesota Statutes, entitled Small Business Considerations in Rulemaking. The proposed Rule does not establish any compliance or reporting requirements, or design or operational standards that directly affect the way any business must operate. Therefore, the provisions contained in Minnesota Statutes 14.115 (1986) do not apply to the proposed Rule discussed herein.