

PUBLICLY-OWNED TRANSITIONAL HOUSING PROGRAM  
STATEMENT OF NEED AND REASONABLENESS

Minnesota Statutes 1989, Section 462A.202, provides, *inter alia*, that the Minnesota Housing Finance Agency (hereinafter Agency) may make loans or grants to local government units to finance the acquisition, improvement, and rehabilitation of existing housing properties for the purpose of providing transitional housing. The 1990 legislature appropriated \$1.5 million to fund the transitional housing program under section 462A.202. The proposed rule has been developed pursuant to section 462A.202.

Proposed Minnesota Rules Part 4900.3100 (Scope) describes the scope of parts 4900.3100 to 4900.3130 as they relate to the Agency's Publicly-Owned Transitional Housing Program.

Proposed Minnesota Rules Part 4900.3110 (Definitions) provides definitions under these rules.

Proposed Minnesota Rules Part 4900.3120 (Eligibility) describes in subpart 1 those applicants that are eligible to receive grant funds and what information, at a minimum, will be required as part of an applicant's request for grant funds. The statute specifically requires the provisions of subpart 1D regarding public ownership of the property for at least 20 years. In subpart 2, the requirements for eligible structures are set forth. The information required under this part is the information which is reasonable and necessary for the Agency to determine the applicant's need for the grant funds and to assess the applicant's ability to successfully administer the project.

Proposed Minnesota Rules Part 4900.3130 (Selection Criteria for Grants) lists the criteria that will be used by the Agency when awarding grant funds. These criteria are reasonable and necessary to ensure that the limited funds provided under this program are used effectively and efficiently to meet the transitional housing needs of families and individuals. The statute specifically requires that preference be given to applicants which propose to acquire properties being sold by the Resolution Trust Corporation or the Department of Housing and Urban Development.

The Agency recognizes the provisions Minnesota Statutes Section 14.115, "Small Business Considerations in Rulemaking," but since a recipients of a grant under the proposed rule must be a local unit of government, the regulation does not affect small business directly. Section 14.155, by its terms, is inapplicable to the proposed rule. Further, to the extent that the grants which are the subject of this rule may have an ultimate and indirect effect on small businesses, the effect is to make persons without a permanent home able to achieve independent living. As a result the proposed rule has no negative effect on small businesses.