

**STATE OF MINNESOTA
MINNESOTA HOUSING FINANCE AGENCY**

**In the Matter of the Proposed
Amendment of Rules Governing
Accessibility Deferred Loans
Rules Part 4900.0760 Subp. 2**

**Statement of Need
and Reasonableness**

I. Introduction

The Minnesota Housing Finance Agency (Agency) proposes to amend rules governing the income limits of the Accessibility Deferred Loan Program. Accessibility Deferred Loans are made solely for the benefit of a disabled member of the household and are not required to be repaid if the homeowner remains living in the property for five years.

The Agency has prepared this Statement of Need and Reasonableness (SNR) to explain its proposed rule amendment and satisfy the rule making requirements of the Minnesota Administrative Procedures Act, Minnesota Statutes Chapter 14 (1992).

Part II of this SNR describes the statutory authority of the Agency to undertake this rule making. Part III describes the need for the proposed rule amendment and Part IV describes the reasonableness of the proposed rules. Part V addresses small business considerations in rulemaking, as required of Minnesota Statutes, Section 14.115 (1992); Part VI addresses the fiscal note requirements of Minnesota Statute Section 14.11; and Part VII consists of required dates and signatures. A fee requirement disclosure is unnecessary because the proposed rules do not establish or adjust fees as contemplated in Minnesota Statutes Chapter 16A.128 (1992).

The Agency board of directors has reviewed and approved the proposed rule amendment.

II. Statutory Authority of Proposed Rules and Funding Source

The Agency's statutory authority to adopt rules to comply with Chapter 14 is set forth in Minnesota Statutes, Section 462A.06, subdivision 4 and 11 (1992).

The Agency's authority to implement the Program is set forth in Minnesota Statutes Section 462A.05, subdivision 15a which provides that the Agency may make loans or grants to improve the accessibility of existing residential housing for handicapped occupants.

III. Statement of Need

Minnesota Statutes Chapter 14 (1992) requires the Agency to make an affirmative presentation of facts establishing the need for and reasonableness of the rules as proposed. In general terms, this means that the Agency must set forth the reasons for its proposal, and the reasons must not be arbitrary or capricious.

However, to the extent that need and reasonableness are separate, need means a problem exists which needs administrative attention, and reasonableness means the solution proposed by the Agency is appropriate. The need for the proposed rules is discussed below. The reasonableness of the proposed rules is discussed in Part IV.

The definition of person or family of low or moderate income for the accessibility deferred loan program is contained in part 4900.0010, subpart 23, item D, subitem (2). The amended rule is necessary to correct the erroneous referral to the definition of person or family of low or moderate income contained in part 4900.0010, subpart 23, item E.

IV. Statement of Reasonableness

The Agency is required by Minnesota Statutes Chapter 14 (1992) to make an affirmative presentation of facts establishing the reasonableness of the proposed rules. Reasonableness is the opposite of arbitrariness and capriciousness. It means there is a rational basis for the Agency's proposed action. The reasonableness of the proposed rule amendment is discussed below.

The reasonableness of the proposed rule rests in the necessity to eliminate confusion that may result from two inconsistent definitions of person or family of low or moderate income.

V. Small Business Considerations in Rulemaking

The Agency is cognizant of the provisions of Minnesota Statutes 14.115 (1992) which requires a state agency to consider methods for reducing the negative impact on small businesses of its proposed rules or amendments to its rules. The proposed rules do not establish any compliance or reporting requirements, design or operational standards, or directly affect the required operation of any small businesses. Therefore, the provisions contained in Minnesota Statute 14.115 (1992) do not apply to the proposed rules.

VI. Fiscal Note

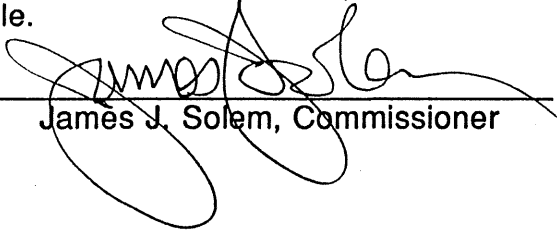
The Agency is cognizant of the provisions of Minnesota Statutes 14.11, subdivision 1 (1992) which requires a state agency, when proposed rules or amendments to rules, to determine if the rules will require expenditures of public monies by local public bodies to implement the rule. If the expenditures are estimated to exceed \$100,000 in either of the two years immediately after the adoption of the rule, the Agency's notice must contain a written statement giving a reasonable estimate of the total cost.

There is no requirement for the expenditure of public monies by local public bodies to implement the proposed rules. Any expenditure of public monies by public bodies with regard to the proposed rules is voluntary. Therefore, the provisions contained in Minnesota Statutes 14.11, subdivision 1 (1992) do not apply to the proposed rules.

VII. Conclusion

Based on the foregoing, the proposed amendment to Minnesota Rules part 4900.0760, Subpart 2 is needed and reasonable.

Dated: 10-3-93


James J. Solem, Commissioner