

**STATE OF MINNESOTA  
HOUSING FINANCE AGENCY**

**STATEMENT OF NEED AND REASONABLENESS  
In the Matter of the Proposed Rule Amendment Governing the  
Rental Assistance for Family Stabilization Program  
and Correcting Obsolete References**

**I. INTRODUCTION**

The Minnesota Housing Finance Agency (Agency) proposes to amend pts 4900.0010 subd. 16 and subd. 21, 4900.1576, 4900.1923, and 4900.3010 of Minnesota rules in order to correct obsolete references.

The Agency also proposes to amend pts. 4900.3371-4900.3380 of Minnesota rules governing the Rental Assistance for Stabilization Program (Program). The Program provides rental assistance to very low income caretaker parents who are receiving public assistance and participating in a self-sufficiency education or job training program.

The Agency has prepared this Statement of Need and Reasonableness (SNR) to explain its proposed rule amendment and satisfy the rulemaking 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 rulemaking. Part III describes the need for the proposed rule amendment. Part IV describes the reasonableness of the proposed rule amendment. Parts V and VI address the small business consideration and the fiscal note requirements of Chapter 14, respectively. Part VII consists of required dates and signatures. A fee requirements disclosure is unnecessary, because the proposed rule amendment does not establish or adjust fees as contemplated in Minnesota Statutes Chapter 16A.128 (1992).

This rule is being amended to comply with changes to Minnesota Statute § 462A.205 subd. 3 which changed the name of housing administrator for the Program from local housing agency to local housing organization and further defined what a local housing organization is.

**II. STATUTORY AUTHORITY**

The Agency's statutory authority to adopt rules to comply with Chapter 14 is set forth in Minnesota Statutes § 462A.06 subd. 11 (1992).

The Agency's authority to implement the Program is set forth in Minnesota Statutes § 462A.205 which provides that the Agency may establish a rental assistance for family stabilization project.

The Program is financed with direct appropriations from the Legislature.

**III. STATEMENT OF NEED**

Minnesota Statutes ch 14 (1992) requires the Agency to make an affirmative presentation of facts establishing the need for and reasonableness of the rule amendment 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 obsolete references contained in pts 4900.0010 subd. 16 and subd. 21, 4900.1576, 4900.1923, and 4900.3010 of Minnesota rules must be corrected to show the current and correct citations.

The definition of a local housing organization is contained in part 4900.3371, subpart 9 and is used throughout pts 4900.3371 through 4900.3380. The amended rules are necessary so that the rules coincide with Minnesota Statutes § 462A.205 subd. 3; and, by changing the kind of housing administrator for the Program from local housing agency to local housing organization and by changing the corresponding definition, the rule is in compliance.

The Program requires a self-sufficiency administrator in conjunction with a local housing organization to submit a joint application for rental assistance funding. The Agency has found that there is an adequate number of self-sufficiency administrators interested in applying for funding in their local communities. However, there is usually only one local housing agency in a county and some counties have none. If that local housing agency chooses not to enter into a partnership with a self-sufficiency administrator and, thus, does not participate in the Program, the self-sufficiency administrator cannot participate in the Program. Consequently, the local community and, more specifically, very low income families are not able to benefit from this Program.

The amended rule is an attempt by the Agency to reach these very low income families by increasing the types and numbers of eligible housing organizations in a county and, thereby, increasing the probability of a housing organization being available to participate in the Program in a targeted area.

#### **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 or capriciousness. It means that there is a rational basis for the Agency's proposed action. The reasonableness of the proposed rules is discussed below.

The Agency determined that it is reasonable to change the name and definition of a local housing agency to local housing administrator in order to match what is in Minnesota Statutes § 462A.205 subd. 3, and in order to increase the type and number of eligible housing organizations to administer the Program. The term "local housing agency" was changed to "local housing organization" and means the agency of local government responsible for administering the Department of Housing and Urban Development's section 8 existing voucher and certificate program or a nonprofit or for-profit organization experienced in housing management.

#### **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 Statutes 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 proposing 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.

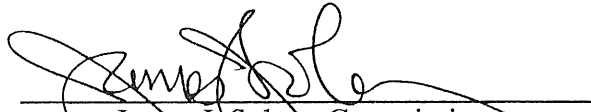
There is no requirement for the expenditure of public monies by local public bodies to implement the proposed rules. Any expenditure of public monies by public bodies with regard to the proposed rules is voluntary. Therefore, the provisions contained in Minnesota Statutes § 14.11, subd. 1 (1992) do not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

## VII. CONCLUSION

Based on the foregoing, the proposed amendments to Minnesota Rules pts. 4900.0010 subd. 16 and subd. 21, 4900.1576, 4900.1923, and 4900.3010 of Minnesota rules and 4900.3371-4900.3380 are needed and reasonable.

Dated: \_\_\_\_\_

12-21-93

  
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James J. Sole, Commissioner  
Minnesota Housing Finance Agency