

Minnesota Attorney General: Administrative Rules Proceedings

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Version 3
August 20, 2018

Our File No. 1103

RULE REVIEW CHECKLIST

DATE RULE RECEIVED 10-26-84
DATE FOR REVIEW 11-4-84
DATE DUE 11-9-84

Adopted w/a hearing _____
Adopted w/o hearing ✓
Temporary rule _____

Approved 11-9-84 (COS) Disapproved _____ Returned to Agency _____

Resubmitted _____ Due _____
Approved _____ Disapproved _____ Returned to Agency _____

Date filed w/Secretary of State _____ Revisor approved 10/29/84 disapproved _____

✓ Rule as Adopted

✓ Rule as Proposed

✓ Order Adopting 10.25.84 Date

N/A Notice of Intent to Solicit Outside Opinion

✓ Order for rulemaking
N/A date of Hearing

✓ Certificate of Board's Authorizing Resolution

✓ Notice of rulemaking
? Sufficiency no small biz statement.

✓ Affidavit of Mailing Notice or rulemaking
9.7.84 At least 30 days prior to ~~hearing~~/adoption

✓ Mailing list Certificate

✓ Publication in State Register
_____ At least 30/20 days prior to ~~hearing~~/adoption

N/A Hearing Examiner's Report

Chief Hearing Examiner's Report(s)
_____ Approving H.E.'s Report
_____ Approving agency action

Agency's Findings of Fact

✓ LCRAR Report or agency Affidavit

✓ Certificate of Board's Resolution Adopting Rules

N/A Order Approving Incorporation by Reference

✓ Statement of Need and Reasonableness contains small biz statement - rules may be applicable but beneficial

N/A Petition for Adoption of a Rule

✓ Record (includes transcript or tape, exhibits, comments received by agency, requests for a hearing, and other relevant materials)

✓ Certificate of Compliance w/Rulemaking Procedures

N/A Affidavit of Mailing Notice of Submission to Attorney General

✓ Notice of Submission to the Attorney General

MINNESOTA HOUSING FINANCE AGENCY

October 26, 1984

RECEIVED
OCT 26 1984
ATTORNEY GENERAL
ADMINISTRATIVE AGENCIES

Mr. Larry Starns
Special Assistant Attorney General
Room 204 Administration Building
50 Sherburne Avenue
St. Paul, Minnesota 55155

RE: In the Matter of the Proposed Adoption of Rules Governing the Rental Rehabilitation Program Without a Public Hearing

Dear Mr. Starns:

Enclosed please find for your review pursuant to Minnesota Statutes Sections 14.21 through 14.28, the adopted rules of the Minnesota Housing Finance Agency.

The following materials are submitted to you for your review pursuant to Minnesota Rules, Part 2000.0400:

Rule as Adopted;

Order Adopting;

Certificate of Board's Resolution Adopting the Rule;

Order of Notice to Adopt Rule Without a Public Hearing;

Certificate of Agency's Authorizing Resolution;

Notice of Intent to Adopt Rule Without a Public Hearing;

Affidavit of Mailing Notice of Intent to Adopt a Rule Without a Public Hearing;

Mailing List Certificate;

Rule as Proposed;

Statement of Need and Reasonableness; and

Certificate of Compliance with Rulemaking Procedures.

The Agency did not publish a Notice of Intent to Solicit Outside Opinion in connection with this rule. No requests for a hearing were received during the 30 day comment period. The Agency did not receive any comments during the 30 day comment

period, nor did it receive any requests from persons desiring notice of the date of submission of the proposed rule to the Attorney General. The Adopted rules are the same as the Proposed rules.

Sincerely,

Alan L. Hans
Deputy Director

ALH/kjj

Encs.

SF-00006-02

STATE OF MINNESOTA

DEPARTMENT ATTORNEY GENERAL

Office Memorandum

TO James J. Solem, Executive Director
Minnesota Housing Finance Agency

DATE: November 13, 1984

ATTN: Karl J. Herman
Special Assistant Attorney General

FROM : Larry D. Starns LDS
Special Assistant Attorney General

PHONE: 297-3493

SUBJECT: In the Matter of the Proposed Adoption of Rules Governing the Rental Rehabilitation Program Without a Public Hearing

Enclosed herewith are the rules you have submitted for approval. These rules have been approved by this office and filed with the Secretary of State. Please note that they have not been filed with the State Register. This must be done promptly by your agency.

Upon receipt and before transmittal to your agency, however, it is important that you recheck these rules as to:

1. Affixation of stamps of the Attorney General and Secretary of State;

2. Coverage by these stamps of all rules submitted; and

3. Inclusion of all pages to the rules in the approved set.

If you have any questions in this regard, please contact me.

LDS:slz

Encs.

cc: Ms. Kathy Burek
Mr. Duane Harves

AG copy

Housing Finance Agency

Adopted Rules Governing the Rental Rehabilitation Program

Rules as Adopted

4900.0290 SCOPE.

Parts 4900.0290 to 4900.0296 govern the implementation of the rental rehabilitation program and the disbursement of rental rehabilitation grants authorized by section 301 of the Housing and Urban - Rural Recovery Act of 1983, Public Law No. 98-181 (November 30, 1983), codified at United States Code, title 42, section 1437o.

4900.0291 DEFINITIONS.

Subpart 1. **Scope.** For the purposes of parts 4900.0290 to 4900.0296, the following terms have the meanings given them.

Subp. 2. **Agency.** "Agency" means the Minnesota Housing Finance Agency.

Subp. 3. **Application.** "Application" means a submittal requesting a rental rehabilitation grant.

Subp. 4. **Lower income family.** "Lower income family" has the meaning used by the Department of Housing and Urban Development as specified in the Code of Federal Regulations, title 24, section 511.2.

Subp. 5. **Rental rehabilitation program, or program.** "Rental rehabilitation program" or "program" means the organization of agency procedures designed to distribute funds for the purposes of rehabilitating rental dwelling units and to provide for the distribution of subsidies for tenant rental payments as specified in parts 4900.0290 to 4900.0296 and Code of Federal Regulations, title 24, part 511.

Subp. 6. **Rental rehabilitation program grant, or grant.** "Rental rehabilitation program grant" or "grant" means an appropriation of money to an eligible applicant under the program.

Subp. 7. **Rental dwelling unit.** "Rental dwelling unit"

means a housing unit containing cooking, sleeping, and bathroom facilities that is occupied by a household other than the owner of the structure in which the unit is located, and for which rent is paid either in cash or in kind.

Subp. 8. **Very low income family.** "Very low income family" has the meaning used by the Department of Housing and Urban Development as specified in the Code of Federal Regulations, title 24, section 511.2.

4900.0292 INCORPORATION OF FEDERAL REGULATIONS.

Except as further limited by parts 4900.0290 to 4900.0296, the operation of the rental rehabilitation program and the disbursement of grants under it are governed by the Rental Rehabilitation Program Interim Rule, Code of Federal Regulations, title 24, part 511, as published in the Federal Register, volume 49, number 78, April 20, 1984, as amended and modified by the final rule, and any waivers of the interim and final rules obtained by the agency, which will be published in the State Register.

4900.0293 ADDITIONAL AGENCY REQUIREMENTS FOR PARTICIPATION IN RENTAL REHABILITATION PROGRAM.

Projects selected for grants under the rental rehabilitation program, in addition to meeting the eligibility and ineligibility criteria in Code of Federal Regulations, title 24, section 511.10, must comply with all of the following requirements:

A. The project must consist of one or more buildings that contain five or more rental dwelling units.

B. The project must consist of one or more buildings situated within municipalities that are eligible to take part in the program and that have entered into a participation agreement with the agency.

C. The project must consist of one or more buildings situated within the jurisdiction of a public housing authority, housing development authority, or other entity that is authorized to administer the Department of Housing and Urban

Development Section 8 Existing Housing Program or Department of Housing and Urban Development Voucher Program and that entered into a participation agreement with the agency.

4900.0294 AGENCY LOANS.

At its discretion the agency may make grants under the rental rehabilitation program in conjunction with loans funded by the agency under Minnesota Statutes, chapter 462A.

4900.0295 NOTICE OF FUND AVAILABILITY.

From time to time the agency shall publish a notice of fund availability in the State Register prior to the date upon which it first accepts applications for grants. The notice must include the date upon which applications will first be accepted and the specific requirements for obtaining forms and other materials for the submission of applications.

4900.0296 SELECTION OF APPLICATIONS.

The agency shall review applications for grants to determine their compliance with Code of Federal Regulations, title 24, part 511. The agency may accept or reject applications for grants based on the requirements of parts 4900.0290 to 4900.0296.

In the selection of an application for a grant, the agency shall apply the following criteria:

A. the extent to which the building or buildings proposed for rehabilitation are currently occupied by lower income families;

B. the extent to which rental dwelling units with two bedrooms or more will be rehabilitated;

C. the extent to which very low income families who reside in the building or buildings that are proposed for rehabilitation are housed in substandard conditions;

D. the extent to which the building or buildings proposed for rehabilitation are free from serious adverse environmental and site conditions;

E. the extent to which the proposed rehabilitation is financially feasible, given the maximum grant per rental

dwelling unit, prevailing interest rates, proposed rents, and market for rehabilitated units;

F. the extent to which displacement of existing tenants will be minimized;

G. the extent to which the rehabilitated rental dwelling units will be affordable to low and very low income families;

H. the extent to which the proposed rehabilitation will have a positive impact on the physical environment of the surrounding neighborhood;

I. the extent to which the proposed rehabilitation eliminates substandard housing and prevents the recurrence of such conditions;

J. the extent to which a municipality rates proposals, if such rating has been performed, within their community;

K. the extent to which proposals selected by the agency achieve a distribution of funds among participating communities; and

L. the extent to which the grant funds will be utilized for physical rehabilitation as opposed to relocation expenses and other eligible nonconstruction costs.

APPROVED AS TO LEGALITY
November 9, 1984

BY _____
SPECIAL ASSISTANT ATTORNEY GENERAL

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
NOV 13 1984
Joan Anderson Growe
Secretary of State
10:24 A M

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Adoption
of Rules Governing the Rental Rehabilitation
Program Without a Public Hearing

ORDER ADOPTING RULES

Notice of the Agency's intent to adopt the above-entitled rules without a public hearing was published in the State Register on September 10, 1984, and was sent by United States mail to all persons on the list maintained by the Agency pursuant to Minnesota Statutes Section 14.14 Subdivision 1 on September 7, 1984. After affording interested and affected persons an opportunity to submit comments for 30 days, receiving fewer than twenty-five written requests for a public hearing within the 30 day comment period, reviewing and considering the comments, supplying notice to all persons requesting notice of the date of submission of the proposed rules to the Attorney General for review, and determining the need for and reasonableness of the above-captioned rules.

NOW, THEREFORE, IT IS ORDERED that these rules identified as Rules of the Minnesota Housing Finance Agency Governing the Rental Rehabilitation Program are adopted this 25th day of October, 1984 pursuant to authority vested in the Agency by Minnesota Statutes Section 462A.06, Subdivisions 4 and 11.

James J. Solem, Executive Director

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Adoption of Rules Governing the Rental Rehabilitation Program

ORDER FOR NOTICE OF INTENT TO ADOPT RULES WITHOUT A PUBLIC HEARING

It is ordered this 23rd day of August, 1984 that a Notice of Intent to Adopt Rules without a Public Hearing in the above-entitled matter be given to all persons who have registered their names with the Minnesota Housing Finance Agency for that purpose and be published in the State Register.

MINNESOTA HOUSING FINANCE AGENCY

James J. Solem, Executive Director

CERTIFICATE OF AGENCY'S

AUTHORIZING RESOLUTION

I, Robert A. Worthington, do hereby certify that I am Chairman of the Minnesota Housing Finance Agency, an Agency duly authorized under the laws of the State of Minnesota, and that the following is a true, complete, and correct copy of a resolution adopted at a meeting of the Agency and properly called and held on the 23rd day of August, 1984, that a quorum was present at said meeting, that a majority of those present voted for the resolution and that said resolution is set forth in the minutes of said meeting and has not been rescinded or modified.

> "RESOLVED, that James J. Solem, Executive Director of the Minnesota Housing Finance Agency, be and he hereby is authorized and directed to give public notice for the purpose of promulgating rules of the Minnesota Housing Finance Agency without a public hearing, said rules relating to Governing the Rental Rehabilitation Program, as well as to perform any and all acts incidental thereto, including the signing of a notice of intent to adopt rules without a public hearing."

IN WITNESS WHEREOF, I have hereunto subscribed my name this 23rd day of August, 1984.

Robert A. Worthington

Chairman

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Adoption of Rules Relating to the Rental Rehabilitation Program

NOTICE OF INTENT TO ADOPT RULES WITHOUT A PUBLIC HEARING

Notice is hereby given that the Minnesota Housing Finance Agency ("agency") proposes to adopt the above-entitled rules without a public hearing. The agency has determined that the proposed adoption of these rules will be noncontroversial in nature and has elected to follow the procedures set forth in Minn. Stat. § 14.21 to 14.28.

Persons interested in these rules shall have 30 days to submit comments in support of or in opposition to the proposed rules within the 30-day comment period. Such comments are encouraged, and should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed. The proposed rule may be modified as the result of comments received if the modifications are supported by the data and views submitted to the agency and do not result in a substantial change in the proposed language. Unless twenty-five or more persons submit written requests for a public hearing on the proposed rule within the 30-day comment period, a public hearing will not be held. In the event a public hearing is required, the agency will proceed according to the provisions of Minn. Stat. § 14.14 et. seq. Any person requesting a public hearing should state his or her name and address, and is encouraged to identify the portion of the proposed rule addressed, the reason for the request, and any change proposed.

Persons who wish to submit comments or a written request for a public hearing should submit such comments or request to:

Kathleen J. Johnson
Legal Division
Minnesota Housing Finance Agency
Suite 200
333 Sibley Street
St. Paul, Minnesota 55101
Telephone: 612/296-9793

Authority for the adoption of these rules is contained in Minn. Stat. § 462A.06, Subd. 4 and 11. Additionally, a Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rules, and that identifies the data and information relied upon to support the proposed rules has been prepared and is available from Kathleen J. Johnson upon request.

Upon adoption of the final rules without a public hearing, the proposed rules, this notice, the Statement of Need and Reasonableness, all written comments received, and the final rules as adopted will be delivered to a designee of the Attorney General for review as to form and legality, including the issue of substantial change, and to determine whether the agency has the authority to adopt the rules and whether the record demonstrates a rational basis for the need for and reasonableness of the proposed rules. Persons who wish to receive notice of the date of submission of these rules to the Attorney General for review, or who wish to receive a free copy of the final rules as adopted, should make such requests to Kathleen J. Johnson.

A copy of the proposed rule is attached to this notice. Additional copies may be obtained by contacting Kathleen J. Johnson.

Please be advised that Minn. Stat. Ch. 10A.03 requires each lobbyist to register

with the State Ethical Practices Board within five (5) days after he or she commences lobbying. A lobbyist is defined in Minn. Stat. § 10A.01, Subd. 11 as any individual:

(a) Engaged for pay or other consideration, or authorized by another individual or association to spend money, who spends more than five hours in any month or more than $250.00, not including his own travel expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials; or

(b) Who spends more than $250.00, not including his own traveling expenses and membership dues, in any year for the purpose of attempting to influence legislative or adiministrative action by communicating or urging others to communicate with public officials.

The statute provides certain exceptions. Questions should be directed to the Ethical Practices Board, 41 State Office Building, St. Paul, Minnesota 55155, (612) 296-5615.

Dated: September 7, 1984

James J. Solem
Executive Director

Rules as Proposed (all new material)

4900.0290 SCOPE.

Parts 4900.0290 to 4900.0296 govern the implementation of the rental rehabilitation program and the disbursement of rental rehabilitation grants authorized by section 301 of the Housing and Urban - Rural Recovery Act of 1983, Public Law No. 98-181 (November 30, 1983), codified at United States Code, title 42, section 1437o.

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Subp. 5. **Rental rehabilitation program, or program.** "Rental rehabilitation program" or "program" means the organization of agency procedures designed to distribute funds for the purposes of rehabilitating rental dwelling units and to provide for the distribution of subsidies for tenant rental payments as specified in parts 4900.0290 to 4900.0296 and Code of Federal Regulations, title 24, part 511.

Subp. 6. **Rental rehabilitation program grant, or grant.** "Rental rehabilitation program grant" or "grant" means an appropriation of money to an eligible applicant under the program.

Subp. 7. **Rental dwelling unit.** "Rental dwelling unit" means a housing unit containing cooking, sleeping, and bathroom facilities that is occupied by a household other than the owner of the structure in which the unit is located, and for which rent is paid either in cash or in kind.

APPROVED BY THE REVISOR OF STATUTES OFFICE BY:

Subp. 8. **Very low income family.** "Very low income family" has the meaning used by the Department of Housing and Urban Development as specified in the Code of Federal Regulations, title 24, section 511.2.

4900.0292 INCORPORATION OF FEDERAL REGULATIONS.

Except as further limited by parts 4900.0290 to 4900.0296, the operation of the rental rehabilitation program and the disbursement of grants under it are governed by the Rental Rehabilitation Program Interim Rule, Code of Federal Regulations, title 24, part 511, as published in the Federal Register, volume 49, number 78, April 20, 1984, as amended and modified by the final rule, and any waivers of the interim and final rules obtained by the agency, which will be published in the State Register.

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C. The project must consist of one or more buildings situated within the jurisdiction of a public housing authority, housing development authority, or other entity that is authorized to administer the Department of Housing and Urban Development Section 8 Existing Housing Program or Department of Housing and Urban Development Voucher Program and that entered into a participation agreement with the agency.

4900.0294 AGENCY LOANS.

APPROVED IN THE REVISOR OF STATUTES OFFICE BY:

At its discretion the agency may make grants under the rental rehabilitation program in conjunction with loans funded by the agency under Minnesota Statutes, chapter 462A.

4900.0295 NOTICE OF FUND AVAILABILITY.

From time to time the agency shall publish a notice of fund availability in the State Register prior to the date upon which it first accepts applications for grants. The notice must include the date upon which applications will first be accepted and the specific requirements for obtaining forms and other materials for the submission of applications.

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In the selection of an application for a grant, the agency shall apply the following criteria:

A. the extent to which the building or buildings proposed for rehabilitation are currently occupied by lower income families;

B. the extent to which rental dwelling units with two bedrooms or more will be rehabilitated;

C. the extent to which very low income families who reside in the building or buildings that are proposed for rehabilitation are housed in substandard conditions;

D. the extent to which the building or buildings proposed for rehabilitation are free from serious adverse environmental and site conditions;

E. the extent to which the proposed rehabilitation is financially feasible, given the maximum grant per rental dwelling unit, prevailing interest rates, proposed rents, and market for rehabilitated units;

F. the extent to which displacement of existing tenants will be minimized;

APPROVED IN THE REVISOR OF STATUTES OFFICE BY

G. the extent to which the rehabilitated rental dwelling units will be affordable to low and very low income families;

H. the extent to which the proposed rehabilitation will have a positive impact on the physical environment of the surrounding neighborhood;

I. the extent to which the proposed rehabilitation eliminates substandard housing and prevents the recurrence of such conditions;

J. the extent to which a municipality rates proposals, if such rating has been performed, within their community;

K. the extent to which proposals selected by the agency achieve a distribution of funds among participating communities; and

L. the extent to which the grant funds will be utilized for physical rehabilitation as opposed to relocation expenses and other eligible nonconstruction costs.

OFFICE OF THE REVISOR OF STATUTES

Proposed Rule

RD609

Agency: Minnesota Housing Finance Agency

Division:

Agency Contact: Kathy Johnson 296-9793

Minnesota Rules: Parts 4900.0290 to 4900.0296

Title: Proposed Rules Governing the Rental Rehabilitation Program

Type of Rules: Permanent

Incorporations by Reference: None

Steven C. Cross
Revisor of Statutes

Maryanne V. Hruby
Assistant Revisor
Phone: 297-2948
Date: August 22, 1984

STATE OF MINNESOTA

COUNTY OF RAMSEY

In the Matter of the Proposed Adoption
of Rules Governing the Rental Rehabilitation
Program Without a Public Hearing

AFFIDAVIT OF
MAILING

Kathleen J. Johnson, being first duly sworn, deposes and says:

That on the 7th day of September, 1984, at the City of St. Paul, County of Ramsey, State of Minnesota, she served the attached Notice of Intent to Adopt Rules Without a Public Hearing by depositing in the United States mail at said City of St. Paul, a copy thereof, properly enveloped, with postage prepaid to all persons and associates who have requested that their names be placed on file with the Minnesota Housing Finance Agency for the purpose of receiving notice of the proposed adoption of rules by this Agency.

Kathleen J. Johnson

Subscribed and sworn to before
me this 7th day of September,
1984.

Faye Louise Smiles
Notary Public

FAYE LOUISE SMILES
NOTARY PUBLIC-MINNESOTA
RAMSEY COUNTY
MY COMMISSION EXPIRES JUNE 29, 1991

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

MAILING LIST CERTIFICATE

In the Matter of the Proposed Adoption
of Rules Governing the Rental Rehabilitation
Program Without a Public Hearing

I hereby certify that the list of persons, associations and other interested groups who have requested, pursuant to Minnesota Statutes Section 14.14 Subdivision 1, that their names be placed on file with and maintained by the Minnesota Housing Finance Agency for the purpose of receiving notice of the proposed adoption of rules by this Agency is accurate and complete is 7th day of September, 1984.

Kathleen J. Johnson

Housing Finance Agency

Proposed Rules Governing the Rental Rehabilitation Program

Notice of Intent to Adopt Rules without a Public Hearing

Notice is hereby given that the Minnesota Housing Finance Agency ("agency") proposes to adopt the above-entitled rules without a public hearing. The agency has determined that the proposed adoption of these rules will be noncontroversial in nature and has elected to follow the procedures set forth in Minn. Stat. § 14.21 to 14.28.

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September 7, 1984

James J. Solem
Executive Director

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4900.0294 AGENCY LOANS.

At its discretion the agency may make grants under the rental rehabilitation program in conjunction with loans funded by the agency under Minnesota Statutes, chapter 462A.

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

4900.0295 NOTICE OF FUND AVAILABILITY.

From time to time the agency shall publish a notice of fund availability in the *State Register* prior to the date upon which it first accepts applications for grants. The notice must include the date upon which applications will first be accepted and the specific requirements for obtaining forms and other materials for the submission of applications.

4900.0296 SELECTION OF APPLICATIONS.

The agency shall review applications for grants to determine their compliance with Code of Federal Regulations, title 24, part 511. The agency may accept or reject applications for grants based on the requirements of parts 4900.0290 to 4900.0296.

In the selection of an application for a grant, the agency shall apply the following criteria:

A. the extent to which the building or buildings proposed for rehabilitation are currently occupied by lower income families;

B. the extent to which rental dwelling units with two bedrooms or more will be rehabilitated;

C. the extent to which very low income families who reside in the building or buildings that are proposed for rehabilitation are housed in substandard conditions;

D. the extent to which the building or buildings proposed for rehabilitation are free from serious adverse environmental and site conditions;

E. the extent to which the proposed rehabilitation is financially feasible, given the maximum grant per rental dwelling unit, prevailing interest rates, proposed rents, and market for rehabilitated units;

F. the extent to which displacement of existing tenants will be minimized;

G. the extent to which the rehabilitated rental dwelling units will be affordable to low and very low income families;

H. the extent to which the proposed rehabilitation will have a positive impact on the physical environment of the surrounding neighborhood;

I. the extent to which the proposed rehabilitation eliminates substandard housing and prevents the recurrence of such conditions;

J. the extent to which a municipality rates proposals, if such rating has been performed, within their community;

K. the extent to which proposals selected by the agency achieve a distribution of funds among participating communities; and

L. the extent to which the grant funds will be utilized for physical rehabilitation as opposed to relocation expenses and other eligible nonconstruction costs.

ADOPTED RULES

The adoption of a rule becomes effective after the requirements of Minn. Stat. § 14.14-14.28 have been met and five working days after the rule is published in *State Register*, unless a later date is required by statutes or specified in the rule.

If an adopted rule is identical to its proposed form as previously published, a notice of adoption and a citation to its previous *State Register* publication will be printed.

If an adopted rule differs from its proposed form, language which has been deleted will be printed with strikeouts and new language will be underlined. The rule's previous *State Register* publication will be cited.

An emergency rule becomes effective five working days after the approval of the Attorney General as specified in Minn. Stat. § 14.33 and upon the approval of the Revisor of Statutes as specified in § 14.36. Notice of approval by the Attorney General will be published as soon as practicable, and the adopted emergency rule will be published in the manner provided for adopted rules under § 14.18.

Department of Health
Health Systems Division

Adopted Temporary Rule Governing the Relocation of Residents from Nursing Homes and Certified Boarding Care Homes

The rule proposed and published at *State Register*, Volume 8, Number 32, pages 1809-1812, February 6, 1984 (8 S.R. 1809) is adopted as proposed.

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Adoption
of Rules Governing the Rental Rehabilitation
Program Without a Public Hearing

CERTIFICATE OF BOARD'S
RESOLUTION ADOPTING RULES

I, Robert A. Worthington, do hereby certify that I am Chairman of the Minnesota Housing Finance Agency, an agency duly authorized under the laws of the State of Minnesota, and that the following is a true, complete, and correct copy of a resolution adopted at a meeting of the Agency, duly and properly called and held on the 25th day of October, 1984, that a quorum was present at said meeting, that a majority of those present voted for the resolution and that said resolution is set forth in the minutes of said meeting and has not been rescinded or modified.

> "RESOLVED, that the rules relating to Income Limits for the Rental Rehabilitation Program attached hereto as Exhibit A be and they hereby are approved and adopted pursuant to authority vested in us by Minnesota Statutes Section 462A.06, Subdivisions 4 and 11 and that James J. Solem, Executive Director of the Agency, be and hereby is authorized to sign an order adopting these rules and further is authorized to perform the necessary acts to provide that these rules shall have the force and effect of law."

IN WITNESS WHEREOF, I have hereunto subscribed my name this 25th day of October, 1984.

Robert A. Worthington
Chairman

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Adoption of
Rules of the Minnesota Housing Finance
Agency Governing the Rental Rehabilitation
Program

Statement of Need and Reasonableness

4900.0290

This part describes the scope of parts 4900.0290 to 4900.0296. The U.S. Department of Housing and Urban Development ("HUD") rental rehabilitation program from which the Agency will obtain funds for its Rental Rehabilitation Program permits participating states to impose requirements in addition to those provided by federal law and regulations, and these rules establish the guidelines and procedures for the disposition of the rental rehabilitation funds provided by the HUD rental rehabilitation program.

4900.0291

This part sets forth definitions for the purposes of parts 4900.0290 to 4900.0296.

Subpart 1. The scope of the definitions is set forth in this subpart.

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

Subpart 3. A definition of Application is also utilized for conciseness of presentation.

Subpart 4. The definition of Lower Income Family incorporates a definition promulgated by HUD. The term "Lower Income Family" is used extensively in the regulations published by HUD which govern the HUD rental rehabilitation program. It is reasonable to utilize HUD's definition of Lower Income Family since it is widely used and generally considered to be well-founded, as well as necessary to do so in order to comply with HUD's rental rehabilitation program requirements.

Subpart 5. The definition of Rental Rehabilitation Program or Program provides a description of the purpose of the Agency's Program and references the procedures governing its administration.

Subpart 6. The definition of Rental Rehabilitation Grant or Grant is necessary to clarify to the reader of these rules the meaning of such words or word when used in the context of the rules.

Subpart 7. "Rental Dwelling Unit" is defined as a housing unit containing cooking, sleeping, and bathroom facilities that is occupied by a household other than the owner of the structure in which the unit is located, and for which rent is paid either in cash or in kind.. This definition is necessary because not all housing units contain all of

the facilities listed. The definition is reasonable because the federal regulations that established the HUD rental rehabilitation program placed an emphasis on units with two bedrooms or more and the rehabilitation of properties for large families. Generally, larger apartment units contain separate cooking, sleeping and bathroom facilities. Therefore, in an effort to rehabilitate units designed for large families, it is reasonable to require that the units must contain these facilities.

The federal regulations that established the HUD rental rehabilitation program also require the properties to be rehabilitated to be rental in nature, consequently, the requirement that the unit be occupied by someone other than the owner of the structure is necessary as well as reasonable.

Subpart 8. The definition of Very Low Income Family utilizes a definition promulgated by HUD. The language "Very Low Income Family" is used extensively in the regulations published by HUD and govern the HUD rental rehabilitation program. It is reasonable to utilize HUD's definition of Very Low Income Family since it is used throughout the country and widely accepted as well-founded, as well as necessary to do so in order to comply with HUD program regulations.

4900.0292

This part incorporates the federal regulations governing HUD's rental rehabilitation program. The Agency, in implementing its Rental Rehabilitation Program will, with the additional restrictions as specified in parts 4900.0293 and 4900.0296, operate its Program in accordance with the incorporated federal regulations. It is therefore necessary as well as reasonable for the Agency to incorporate the cited federal regulations into the rules which authorize the Agency to receive, administer, and disburse rental rehabilitation grants under its Rental Rehabilitation Program.

4900.0293

This part specifies the additional Agency requirements for participation in HUD's rental rehabilitation program, as administered by the Agency.

Paragraph A specifies that properties must consist of one or more buildings that contain five or more dwelling units. The Agency does not have the administrative capacity to review applications for lesser-sized buildings with rental units, consequently, its requirement that buildings contain at least five units was established. This requirement is necessary so that the Agency can operate a program within its capabilities, as well as meet its other public responsibilities.

Paragraph B specifies that only those buildings located in municipalities which are eligible to take part in the Program and have entered into a participation agreement with the Agency are eligible to receive Rental Rehabilitation Program funds. Many aspects of the Rental Rehabilitation Program require the expertise of local governmental employees. It is reasonable to restrict the implementation of the Program to communities which agree to undertake those functions which are most appropriately performed by local staffs.

Paragraph C specifies that only those buildings located within the jurisdiction of an entity authorized to administer HUD's Section 8 Existing or Voucher Housing Programs are eligible. The occupancy of low or very low income families in the buildings to be rehabilitated, and the use of the Section 8 Existing and Voucher Housing Programs are integral to the success of the program as developed by HUD. It is necessary and reasonable, therefore, to restrict participation in the Agency's Program to those communities having personnel authorized to implement the Section 8 Existing and Voucher Programs.

4900.0294

This part authorizes the Agency to make grants under the Rental Rehabilitation Program in conjunction with loans funded under Chapter 462A of Minnesota Statutes. HUD's rental rehabilitation program requires a building owner to match the rental rehabilitation grant with funds from other sources. To the extent that the Agency can provide a loan to supply the owner's matching source of funds, and in so doing facilitate the use of the federal rental rehabilitation dollars, it is reasonable for the Agency to do so.

4900.0295

This part specifies how the Agency will notify the public of the availability of the Rental Rehabilitation Program funds. It is necessary and reasonable that the Agency establish a procedure for public notification of the Program so that the owners of qualified rental properties are assured of fair and equal access to rental rehabilitation funds.

4900.0296

This part establishes eligibility criteria for selection of rental rehabilitation applications. The Agency is required to implement its Program in such a manner that the goals of HUD's rental rehabilitation program regulations are achieved. The reasonableness and necessity for the Agency's building selection criteria are as set forth below.

Paragraph A provides a criteria which will tend to encourage continued use of the improved rental property by qualified tenants, since buildings with existing lower income tenants will be preferred in selection.

Paragraph B provides a criteria which will favor larger households, and consequently extend the benefits of the housing grant dollars to the largest number of qualified persons.

Paragraphs C and I provide criteria which will give preference to the upgrading of structures which contain substandard housing conditions and which are occupied or to be occupied by qualified tenants.

Paragraph D provides a criteria which will encourage the upgrading of housing which is free from environmental hazards.

Paragraph E provides a criteria which will encourage the use of grant funds in structures whose continued residential use by low income tenants is not and will not be placed in jeopardy of change for financial reasons arising from participation in the Program.

Paragraph F establishes a selection criteria which will discourage the displacement of existing tenants and the financial and personal sacrifices attendant to such moves.

Paragraph G establishes a criteria which encourage use of grant funds in buildings with the most affordable rents.

Paragraph H encourages selection of structures which will have a favorable effect, when benefitted by the grant funds, on the surrounding neighborhood.

Paragraph J gives priority to those proposals most favored by the community in which the property is located. It is reasonable to provide for local input in the selection of applications because local officials provide a reliable perspective on what types of developments are consistent with and conducive to the goals of their municipal housing plans.

Paragraph K favors the distribution of rental rehabilitation dollars among participating communities. It is reasonable to consider a distribution of grant dollars among participating communities as a selection criteria, so that a wide number of communities in the State of Minnesota benefit from this Program, rather than to concentrate the available funds in a few communities.

Paragraph L establishes a criteria which will encourage the greater use of grant dollars for physical improvements to properties for the long term benefit of existing or future qualified tenants.

The Agency is cognizant of the provisions of Section 14.115 of Minnesota Statutes, entitled Small Business Considerations in Rulemaking. To the extent that the rental rehabilitation grant funds directly benefit the low income tenants in structures within the Agency's Program, the statute is inapplicable. To the extent that the funds may inure to the benefit of small businesses, the proposed rules do not establish any compliance or reporting requirements, design or operational standards not mandated by the federal government, and the effect of the Agency's Program in making the grant funds available is to make decent, safe, and sanitary rental housing affordable for low income tenants and financially feasible to building owners and, as a consequence, the proposed regulations have no negative effect on small businesses.

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Adoption
of Rules Governing the Rental Rehabilitation
Program Without a Public Hearing

STATEMENT OF COMPLIANCE
WITH THE RULEMAKING
PROCEDURES

I, Special Assistant Attorney General, Karl J. Herman do hereby declare that I have examined the rules and all related documents and that, based on my examination and my personal familiarity with the applicable procedures, the Administrative Procedure Act, the rules of the Office of Administrative Hearings, and the rules of the Attorney General have been followed. Any exceptions are noted below.

Dated: 10/26/84

Karl J. Herman
Special Assistant Attorney General