

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Rules
Governing the Amount and Eligibility
for Home Improvement Grants or Rehabilitation
Loans

STATEMENT OF NEED
AND REASONABLENESS

4900.0649

This part presently limits the amount of a rehabilitation grant or loan to the lesser of \$6,000.00, the actual cost of the work performed, or that portion of the cost of the rehabilitation which the agency determines cannot otherwise be paid by the person or family without spending an unreasonable portion of their income thereon. The proposed change increases the maximum amount of rehabilitation loans to \$7,500.00, because the 1983 session of the Legislature increased the maximum loan amount for the Rehabilitation Loan Program from \$6,000.00 to \$7,500.00. The change is necessary and reasonable to conform with current legislative intent and direction.

The current rule states that "a recipient whose adjusted income exceeds \$6,000.00 and who is financially capable of making a monthly loan payment of \$10.00 or more shall be eligible for a flexible loan." The change states that such applicants shall be "eligible for a flexible or deferred loan, or a combination of such loans, as determined by the agency." The change is necessary and reasonable to clarify that the applicants in question may be eligible for either type of loan or a combination of the two.

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 rehabilitation funds directly benefit the low income residents of structures to be improved under 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, and the effect of the Agency's Program in making the funds available is to make decent, safe, and sanitary housing more affordable for low and moderate income persons, and, as a consequence, the proposed regulations have no negative effect on small businesses.