

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the
Proposed Rules Relating
to the Innovative Housing
Loan Program Without a
Public Hearing

Statement of Need
and Reasonableness

Minnesota Rules 4900-1200 - 4900-1210.

This proposed rule expands the eligibility for loans made under the Innovative Housing Loan Program to include borrowers which are for-profit entities whose rate of return on investment in the residential housing in question is not subject to limitation.

This revision complies with Minnesota Statutes Section 462A.05, Subd. 18, which was amended by the Legislature in 1983 to permit loans to be made to for-profit entities, in addition to nonprofit sponsors. Upon passage of the amendment, the Agency restricted eligible for-profit entities to limited dividend entities by rule, in anticipation of a high demand for Program funds. The Agency has not experienced the demand for funds which had been foreseen at the time that Subd. 18 of Section 462A.05 was amended. It is therefore reasonable and necessary to expand the eligibility for Innovative Housing Loans to parallel the statute as amended to include all for-profit entities, and thereby fulfill the intent of the Legislature to effectuate this Program.

The Agency is cognizant of the provisions of Section 14.115 of Minnesota Statutes, entitled Small Business Considerations in Rule-making, however, the proposed rules do not establish any compliance or reporting requirements, design or operational standards, or directly affect the way any business must operate. Further, to the extent the proposed rules may have an indirect effect on small business, the effect is to make funds for the construction or rehabilitation of innovative or energy efficient residential housing more readily available, and, as a result, the proposed rule has no negative effect on small businesses. Therefore, the provisions contained in Section 14.115 of Minnesota Statutes do not apply to the proposed rules discussed herein.