

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the matter of the Proposed
Rules Governing the Temporary
Housing Program

Statement of Need
and Reasonableness

4900.1700

This part describes the scope of parts 4900.1700 to 4900.1703.

The 1984 session of the Minnesota Legislature appropriated funds to the Minnesota Housing Finance Agency (the "Agency"), under Minnesota Laws 1984, Chapter 654, Article 2, Section 22(c), to implement a temporary housing program under Subd. 20 of Section 462A.05 of Minnesota Statutes (1984) (the "Program"). The funds appropriated must be used to make grants solely to nonprofit sponsors, as defined by the Agency, for residential structures to be used to provide temporary housing to homeless persons and families.

The Agency previously adopted emergency rules to implement the Program. In compliance with the Administrative Procedures Act, the proposed permanent rules are necessary to allow the Agency to continue to operate the Program.

4900.1701

Subp. 1

This subpart sets forth the scope of the definitions contained in part 4900.1701.

Subp. 2

The definition of Agency is necessary to provide a single word reference for the Minnesota Housing Finance Agency. It is reasonable to provide this definition to clarify the reading of the Rule.

Subp. 3

The definition of Applicant is reasonable and necessary for conciseness of presentation.

Subp. 4

The definition of Application is necessary for brevity of presentation, and is reasonable to facilitate the reading of the Rule.

Subp. 5

The definition of persons and families of low and moderate income is necessary to comply with the occupancy requirements of the Statute authorizing the Program, as well as to allow the Agency to effectively allocate the appropriated funds. The definition of persons and families of low or moderate income follows the definition of "Very Low Income Family" used by the United States Department of Housing and Urban Development (HUD). It is reasonable to utilize HUD's definition since it is widely known and used and generally considered to be well-founded.

Subp. 6

The definition of structure is reasonable and necessary to clarify the reading of these Rules.

Subp. 7

The definition of support services provides a description of such services necessary to assist homeless persons and families in locating independent living. The definition is necessary to clarify references to support services throughout Parts 4900.1702 to 4900.1703. The definition utilizes language describing support services contained in the Statute authorizing the Temporary Housing Demonstration Program administered by the Minnesota Department of Economic Security (the "DES"), pursuant to which DES is authorized to disburse funds appropriated to it for the provision of such services to homeless persons. It is reasonable, therefore, to incorporate language which provides a uniform definition of support services to assist homeless persons, and which enables applicants to be eligible to receive reimbursement for such services.

Subp. 8

The definition of temporary housing specifies that the housing is provided for a limited duration not exceeding six months and available for occupancy on a continuous 24-hour basis. This requirement is specifically set forth in the Statute authorizing the Program.

Subp. 9

The definitions of Temporary Housing Program Grant or Grant are reasonable and necessary to clarify the meaning of such words or word when used in the context of the Rules.

4900.1702

This part establishes eligibility criteria for the Program. It is necessary for the Agency to establish eligibility requirements to ensure that the Program operates in a manner which complies with the intent of the legislation. The reasonability of the Agency's eligibility requirements are discussed below.

Subp. 1

This part sets forth the reasonableness of the Agency's eligibility requirements for applicants.

Paragraph A limits applicants to nonprofit entities as defined by the Agency. Such a requirement is specifically set forth in the Statute authorizing the Program. The definition of nonprofit entities utilized is contained in the rules governing the operation of the Agency, Chapter 4900.0010, Subpart 21, of the Minnesota Code of Agency Rules. It is reasonable to apply uniform definitions for the purpose of consistent implementation of the Agency's programs.

Paragraph B requires applicants to provide a comprehensive plan for meeting the needs of the homeless population to be served. It is necessary for the applicants to provide (1) documentation of the existing need for temporary housing, (2) a description of their goals and objectives for meeting these needs, (3) documentation of an ability to meet such needs, and (4) a detailed operating budget to ensure homeless persons and families will receive the assistance needed to be placed in independent housing. It is reasonable for the Agency to establish these requirements to ensure that the applicant is capable of implementing and maintaining housing which is consistent with the intent of the legislation.

Paragraph C requires applicants to provide evidence of their fiscal responsibility and ability to proceed promptly with preparation of the structure for occupancy, and to maintain the structure in accordance with its funded use for a specific period of time. Because of the immediacy of the need for temporary housing and the limitation of available funds, it is necessary to restrict funding to applicants capable of proceeding promptly and of maintaining the structure as temporary housing. It is reasonable to prescribe that applicants have a high probability of success to ensure that the funds are effectively utilized.

Subp. 2

This part sets forth the eligibility requirements for temporary housing structures.

Paragraph A limits occupancy of eligible structures to persons and families of low and moderate income. This requirement is specifically set forth in the Statute authorizing the Program.

Paragraph B requires that the structure have a physical environment which is responsive to the needs of the occupants. It is reasonable to provide appropriate living arrangements for specific homeless populations, and to accommodate a variety of homeless persons and families.

Paragraph C requires that the structure comply with all applicable state and local building and land use laws. It is reasonable for the Agency to require that the structure be habitable, and not violate laws relating to health, safety and the welfare of the community.

Paragraph D requires the structure be located in the State of Minnesota. It is necessary to restrict the use of funds so that State residents benefit from an appropriation of Minnesota dollars.

4900.1703

This part establishes criteria for the selection of temporary housing applications. To enable the Agency to fund applications which satisfy the intent of the authorizing legislation it is necessary for the Agency to establish selection criteria. The reasonableness of the Agency's selection criteria is examined below.

Paragraph A establishes a criteria which favors applications which utilize funds or in-kind contributions from other sources to supplement the Program's appropriations, and thereby maximize the benefit of the State's appropriation.

Paragraph B establishes a criteria which encourages applicants to secure additional funds needed to pay for the cost of the structure prior to making application, to ensure that viable applications are submitted.

Paragraph C establishes a criteria which encourages applicants to secure additional funds needed to pay for the cost of support services prior to making application, to ensure that applications submitted are practicable.

Paragraph D establishes a criteria which encourages submission and selection of applications serving a variety of homeless persons, thereby maximizing the types of homeless persons assisted.

Paragraph E establishes a criteria which gives preference to applications from areas where resources for homeless persons do not exist or are not adequate, thereby targeting funds to areas of greatest need.

Paragraph F establishes a criteria which gives preference to areas with an immediate requirement for temporary housing.

Paragraph G establishes a criteria which gives preference to applicants able to proceed promptly under the Program, thereby meeting the need for timely relief.

Paragraph H is reasonable in that it provides a criteria which encourages the selection of applications based on the total resources available.

Paragraph I establishes a criteria which gives priority to applications favored by the local community in which the structure is located. It is reasonable to encourage local input to provide a reliable perspective on whether the application is consistent with the goals of the local community.

Paragraph J is reasonable in that it establishes a criteria which encourages applicants to select structures in close proximity to support services, recreational facilities, medical facilities and transportation.

Paragraph K establishes a criteria which gives priority to applications which minimize the cost per temporary housing unit produced, thereby maximizing the benefit of the State's appropriation.

Paragraph L is reasonable in that it establishes a criteria which favors applications utilizing innovative and cost effective support services which are appropriate to the needs of the homeless served.

Paragraph M establishes a criteria which gives priority to applicants with experience in providing temporary housing and support services to homeless persons, thereby increasing the potential for success for participants in the Program.

The Agency is cognizant of the provisions of Section 14.115 of the 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 businesses, the effect is to make funds for the creation of temporary housing for low and moderate income persons more readily available, and, as a result, the proposed rule has no negative effect on small businesses. Therefore, the provisions contained in Minn. Stat. Section 14.115 do not apply to the proposed rules discussed herein.