

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed  
Adoption of Rules of the Minne-  
sota Housing Finance Agency  
Governing the Shared Housing  
Program

Statement of Need  
and Reasonableness

4900.1804

This part describes the scope of parts 4900.1804 to 4900.1808.

4900.1805

This part sets forth definitions for the purposes of parts 4900.1804 to 4900.1808.

Subpart 1.

This subpart sets forth the scope of the definitions contained in part 4900.1805.

Subpart 2.

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

Subpart 3.

A definition of Applicant is utilized for conciseness of presentation.

Subpart 4.

A definition of Application is also utilized for brevity.

Subpart 5.

The definition of Low and Moderate Income Elderly or Elderly is necessary to clarify the meaning of those words when used in the context of the rules. It is reasonable to use age 55 or over to define Elderly, in that this is the age used by AARP (the American Association of Retired Persons) as the threshold age for membership in their organi-

zation, the largest association of elderly persons in the United States. It is reasonable to use HUD's definition of Low and Moderate Income, in that it is widely used and generally considered to be well-founded.

Subpart 6.

The definition of Shared Housing Program or Program provides a description of the purpose of the Agency's program and a brief outline of how the program functions and for whom it is intended. It is necessary that this program format be set forth in conformity with the statute authorizing the Program.

Subpart 7.

A definition of Structure is necessary to clarify its meaning in the context of these rules.

Subpart 8.

The definition of Shared Housing follows the definition found in the statute authorizing the Shared Housing Program, and is both reasonable and necessary because it is unique to the Program.

4900.1806

This part specifies the Agency requirements for eligibility for a Program loan or grant. These requirements are necessary to ensure that the recipients will be able to utilize the funds properly and carry out the purposes of the Program.

Item A requires that applicants be housing sponsors as defined in the Agency's rules and contemplated by the statute. It is reasonable to permit individuals, nonprofit entities, limited dividend entities and cooperatives to apply for grants or loans under this Program, since rental fees may be charged the tenants to allow for a reasonable profit to the developers.

Item B requires applicants to provide a written comprehensive plan for providing a Shared Housing Program, and documentation of their ability to establish and maintain such a program. The specific requirements in subitems 1 through 6 describe the exact information to be submitted. This is reasonable to enable Agency staff to properly evaluate each submittal, based upon complete data submitted according to uniform criteria.

Subitem (1) requires a documentation of need, which is reasonable to ensure that programs are funded only in areas of the greatest need.

Subitem (2) requires a description of the applicant's goals and objectives, which is necessary to permit Agency staff to evaluate the feasibility of the stated goals.

Subitem (3) requires a detailed budget for the proposed program, which is necessary and reasonable to allow Agency staff to evaluate the financial feasibility of the application.

Subitem (4) requires documentation of the applicant's ability to successfully match potential tenants within the proposed facility, which is both reasonable and necessary to ensure the success of the program.

Subitem (5) requires documentation of the applicant's ability to provide any required support and services for the tenants in the shared housing facility. This is necessary because the health and well-being of the tenants may depend upon the availability and quality of support and services they require. It is reasonable to expect sponsors of such a facility to supply, or to provide for the supplying of these needed services.

Subitem (6) requires documentation of fiscal responsibility and the applicant's ability to complete the acquisition, construction or rehabilitation of the structure, and to maintain the structure in accordance with its intended use for a specified period of time. It is reasonable and necessary that such fiscal responsibility be verified before awarding a grant or a loan to an applicant, to minimize the necessity for termination of failing programs and the reprocessing of applications.

#### 4900.1807

This part establishes the eligibility requirements for a structure which is to be used for shared housing. It is necessary that the Agency establish such requirements to ensure that the structures to be used for shared housing comply with the statute and with the intent of the Program. The reasonableness and necessity for each eligibility requirement is set forth below:

Subitems A and B set forth requirements for the physical characteristics of the structure, and for the income of the tenants. Both of these requirements are contained in the statute authorizing the Program, and are therefore both necessary and reasonable to require.

Subitem C requires that the structure provide a physical environment that is responsive to the needs of the tenants. This is reasonable to ensure that the Program is successful.

Subitem D requires that the structure comply with all state and local codes, zoning ordinances, land use provisions and laws, which is necessary to entitle the structure to occupancy.

Subitem E requires that the structure be located in Minnesota, which is reasonable since the Program is funded by state appropriations.

4900.1808

This part sets forth the criteria which the Agency will consider when determining which applicants will receive a grant or loan under the Program. This is reasonable so that applicants know on what basis their proposals will be evaluated, and necessary so that Agency staff can evaluate all proposals on the same basis.

Item A provides a criteria which will favor those applicants who have had prior experience in establishing and maintaining a similar program, which will assist in ensuring the success of new programs.

Item B provides a criteria which will favor those applicants who have access to other funds to combine with the Agency's grant or loan, which will make the program more feasible and affordable by lower income elderly.

Item C establishes a criteria which favors those applicants who can demonstrate their ability to proceed expeditiously with the program, thus ensuring timely utilization of the grant or loan funds.

Item D establishes criteria which gives preference to applications with proposed structures which are well located within the community and present attractive and homelike images, thereby helping ensure the acceptability of the program and its success.

Item E establishes a criteria which will favor those proposals which are to be located in the areas of the State where the need for such programs is the greatest, thereby providing for maximum utilization of available funds.

Item F establishes a criteria which favors those applicants who can maintain the facility for its intended use for a specified period of time, thereby ensuring that funds will be effectively used for ongoing programs.

Item G gives preference to those applicants who can provide structures at a reasonable cost, thereby maximizing the benefits of the appropriated funds.

Item H establishes a criteria which favors those proposals which will result in a reasonable geographic distribution of programs throughout the State, and is necessary to demonstrate whether such programs are viable in both rural and urban areas.

Item I encourages selection of proposals which have strong community support, thereby improving their chances for success.

Item J establishes criteria encouraging innovative, cost-effective techniques in providing shared housing structures, and in maintaining them as a desirable place for the elderly to live. This is both reasonable and necessary to ensure maximum utilization of appropriated funds, and to encourage further private development of these types of facilities.

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 shared housing for the low and moderate income elderly citizens of Minnesota more readily available, and, as a result, the proposed rule has no negative effect on small businesses. Therefore, the provisions contained in Minnesota Statutes § 14.115 (1983 Supp.) do not apply to the proposed rules discussed herein.