

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 Elderly Home
Sharing Program

Statement of Need
and Reasonableness

4900.1800

This part describes the scope of parts 4900.1800 to 4900.1803.

4900.1801

This part sets forth definitions for the purposes of parts 4900.1800 to 4900.1803.

Subpart 1. A single word reference to the Minnesota Housing Finance Agency is incorporated for brevity.

Subpart 2. A definition of Applicant is utilized for brevity.

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

Subpart 4. The definition of Elderly Home Sharing 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.

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 association, the largest organization for elderly persons in the country. It is reasonable to use HUD's definition of Low and Moderate Income, since it is widely used and generally considered to be well-founded, and the homeownership requirement found in the regulation is necessary, since it is mandated by statute.

Subpart 6. The definition of tenant is necessary to clarify the meaning of the word in the context of these rules and the Program, and is reasonable for the purposes of this Program.

4900.1802

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 specifies that applicants must be nonprofit entities. This is reasonable because a program of this type requires a great deal of volunteer work in order to keep the fees at a low enough level to be affordable by Low and Moderate Income Elderly.

Item B requires applicants to provide a written comprehensive plan for providing an Elderly Home Sharing Program, as well as documentation of their ability to establish and maintain such a program. The specific requirements in subitems 1 through 5 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 specified 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 enable Agency staff to evaluate the validity and attainability of the stated goals.

Subitem (3) requires a description of how the program will be administered, including qualifications of the staff. This is reasonable since Agency staff must have this information to accurately evaluate the probabilities for success of the intended program.

Subitem (4) 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 (5) requires documentation of fiscal responsibility and the applicant's ability to establish and maintain a home sharing program. It is reasonable and necessary to verify fiscal responsibility before awarding a grant or a loan to an applicant, to minimize the necessity for termination of failing programs and the reprocessing of applications.

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, thereby making 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, thereby ensuring timely utilization of the grant or loan funds.

Item D 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 maximizing the benefits of the Program.

Item E establishes a criteria which favor 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 F encourages selection of proposals which have strong community support, thereby improving their chances for success.

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 Elderly Home Sharing loan or grant funds directly benefit the elderly low and moderate income owners in homes which are the subject of the Agency's Program, the statute is inapplicable. To the extent that the funds inure to the benefit of small businesses, the proposed rules do not establish any compliance or reporting requirements, or design or operational standards, and the effect of the Agency's Program in making the loan or grant funds available is to make continually affordable, decent, safe, and sanitary housing for low and moderate income elderly homeowners and, as a consequence, the proposed regulations have no negative effect on small businesses.