

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed  
Rules Relating to Accessibility  
Deferred Loan Program and Definition  
of Income Applicable to Home Improvement  
Loans, Accessibility Improvement Assistance,  
and Accessibility Deferred Loans.

STATEMENT OF NEED  
AND REASONABLENESS

Part 4900.0010 Definitions.

Subpart 23. This Subpart sets forth definitions for the term "persons and families of low and moderate income" with respect to various programs of the Minnesota Housing Finance Agency.

Item. E. This Item currently defines "persons and families of low and moderate income" for purposes of home improvement loans and accessibility improvement assistance. They are defined as households with "adjusted incomes" not exceeding \$27,000. "Adjusted income" is defined in Part 4900.0010, Subpart 3 as the gross annual income of all housing unit residents age 18 or over, after deducting \$1,000 for each resident and deducting any extraordinary expenses approved by the agency's executive director.

Item E is being amended to make this definition also applicable for recipients of accessibility deferred loans made by the agency, which is both reasonable and necessary to effectuate the agency's policy for the distribution of resources for the funding of accessibility deferred loans, as set forth in part 4900.0770 below.

Part 4900.0760 Eligibility.

This Part currently contains three subparts defining the personal and income, ownership and property qualifications households receiving accessibility deferred loans must meet.

This Part is being amended to retain information on general funding conditions in a new Subpart 1, to move existing information on personal and income qualifications from the old Subpart 1 into a newly-created Subpart 2, and to renumber the current subparts on ownership (2) and property qualifications (3) to create new Subparts 3 and 4, respectively. This format change is reasonable and necessary to present the materials in a logical and readable sequence.

There were two items in what was previously designated as subpart 1 of Part 4900.0760; Item B set personal and income standards for a demonstration program in which funds were made available to licensed foster care providers, and Item A set forth standards for all other program recipients. The foster care demonstration program is being terminated, so its requirements have been deleted. Requirements from the former Item A will now become the sole content for the new Subpart 2.

Part 4900.0070 Distribution of Accessibility Deferred Loans.

This Part sets forth how accessibility deferred loans are distributed among qualified applicants.

Subpart 1. This subpart currently states that program recipients are eligible for full assistance in the form of a deferred loan, subject to the maximum set forth in Subpart 3.

Subpart 1 is being amended to make assistance available according to income and ability to pay, and to give those households with the lowest income first priority for receipt of available funds. Households with adjusted gross incomes of \$7,000 or less and assets of \$25,000 or less will be eligible for a full deferred loan up to the maximum allowed, and will be given first priority for receipt of funds. Households with adjusted gross incomes beyond this level but below the program's maximum will be eligible for a loan covering part or all of eligible costs up to the maximum allowed, based on ability to pay.

Making assistance available according to a priority based on income level will result in those persons and households with the greatest need having the greatest opportunity to receive the program's extremely limited resources, and is, consequently, a reasonable procedure. \$7,000 was chosen as the level for targeting and receipt of full loan assistance because this is the standard used in the agency's Rehabilitation Loan Program, which program's goal is to provide state funds to repair the homes of households judged to have very low incomes. The Accessibility Program is presently administered in conjunction with the Rehabilitation Loan Program, and the use of common standards is reasonable in order to better facilitate joint program funding.

Authorizing the agency to set the specific methods for implementing these policies is both reasonable and necessary to provide reasonable administrative flexibility. This flexibility is necessary to adjust to changing conditions, such as increases or decreases in funding levels, or economic trends affecting affordability.

Part 4900.0780 Repayment.

This Part sets out terms for deferred loan repayment. The repealed Subpart 2 set forth terms for foster care providers participating in the agency's demonstration program, and the former Subpart 1 listed the requirements for all other households.

Since the foster care provider demonstration program has been terminated by the Agency, it is necessary to delete Subpart 2 and make technical corrections to remove authorizations for the foster care demonstration program from the former Subpart 1.

The Agency is mindful of the provisions of Section 14.115 of Minnesota Statutes, entitled Small Business Considerations in Rulemaking, but since the direct recipients of the accessibility improvement assistance under the proposed regulation must be natural persons and families of low and moderate income who are handicapped or have a handicapped household member in residence, the regulation does not affect small businesses directly, and the said law, by its terms, is inapplicable to this proposed regulation. Further, to the extent that the payments which are the subject of this regulation may have an indirect effect on small businesses, the effect of the proposed rule is to make accessibility improvements more feasible for lower income citizens; and, as a result, the proposed rule has no negative effect on small businesses.