

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed
Adoption of Rules of the Minnesota
Housing Finance Agency Relating to
the Definition of Federally
Subsidized Mortgages

Statement of Need
and Reasonableness

4900.0010

Proposed subpart 11a to the "Definitions" part of the Minnesota Housing Finance Agency's ("Agency's") regulations defines the term "federally subsidized mortgages" in the context of Subd. 10 of Section 462A.03 of Minnesota Statutes (1987), in order to clarify that the income limitations for low or moderate income tenants in residential rental housing financed by the Agency's tax-exempt bonds, as imposed by the federal Tax Equity and Fiscal Responsibility Act of 1982 (96 Stat. 324) ("TEFRA"), in addition to the income limitations applicable to the purchasers of or residents in housing acquired or improved with the proceeds of the Agency's tax-exempt qualified mortgage bonds under the Tax Reform Act of 1986, are binding upon the Agency and govern under the provisions of Chapter 462A. It is both reasonable and necessary to make clear the inclusion of such loans within the definition of "federally subsidized mortgages" to carry out the intent of the Legislature in Chapter 462A that the Agency qualify for and participate in such federally subsidized programs for the benefit of low and moderate income citizens of the State of Minnesota in obtaining decent, safe and sanitary housing.

The Agency is cognizant of the provisions of Section 14.115 of Minnesota Statutes, entitled "Small Business Considerations in Rulemaking," however, since the recipients or beneficiaries of the federally subsidized tax-exempt loans in question must be persons and families of low and moderate income, the regulation does not affect small businesses directly, and the law, by its terms, is inapplicable to the proposed rule. Further, to the extent that such federally subsidized mortgages may have an indirect effect on small businesses, the effect of the proposed rule is to facilitate the Agency's participation in such federally subsidized programs and to make funds more widely available for the benefit of low and moderate income citizens; and, as a result, the proposed regulation has no negative effect on small businesses.