

State of Minnesota

Minnesota Housing Finance Agency

In the Matter of the Proposed Rules  
Relating to Urban Indian Housing  
Program

Statement of Need  
and Reasonableness

4900.0520, 4900.1574, and 4900.1580:

Minnesota Statutes, Section 462A.07, subdivision 17 establishes that the Minnesota Housing Finance Agency (Agency) may engage in housing programs for low and moderate income American Indians residing in designated metropolitan areas throughout the state. The statute further provides, in excerpt, that the program shall demonstrate innovative methods of providing housing for Urban Indians, shall, to the extent possible, combine appropriated money with other money from both public and private sources, and shall be flexible as to the entity that shall administer such programs. The statute also provides that the Agency shall consult with the Advisory Council on Urban Indians in the development of programs pursuant to the applicable subdivision.

Two amendments to the administrative rules governing the Urban Indian Housing Program are proposed herein. These changes are proposed pursuant to recent operating experience under the program and suggestions from the Advisory Council on Urban Indians.

Under the first proposed change to the rules, the Agency may set aside a portion of Urban Indian Housing program funds for special assistance programs without regard to a prescribed allocation formula. Currently, the administrative rules provide for an Agency administered program component and alternative program components which may be suggested by potential outside Urban Indian Housing Program administrators in accordance with these rules. Current rules in 4900.1520 and 4900.1580 specify that any allocation formula for Urban Indian Housing Program funds among eligible communities must be adjusted if funds are provided for alternative program components through outside administrators. Given that such proposals may be developed at any time, may require more or less funds than may be originally planned for under an allocation formula, and that the alternative component may be designed to serve Urban Indian families across community boundaries, more flexibility to allocate such funds was requested. As under the current rule, the Agency would continue to allocate funds equitably among eligible areas based upon American Indian population estimates. However, the proposed change to the rule would make it clear that alternative program components may be implemented within specific communities that would, in essence, provide for housing services across geographic areas.

The second proposed change to administrative rule 4900.1574 greatly simplifies the income limits under the program so that beneficiaries of the program must have incomes that do not exceed 80% of the greater of state or area median income as determined and adjusted from time to time by the United States Department of Housing and Urban Development. This change removes the cumbersome matrix that was previously in effect for the program and provides considerably more flexibility for special assistance applications of Urban Indian Housing Program funds. It is consistent with other recent administrative rules promulgated by the Agency. Under federal definitions of low and moderate income, any household with an income less than or equal to 80% of median income meets the definition of a "low income" individual.

The Agency is cognizant of the provisions of Section 14.115 of Minnesota Statutes, entitled Small Business Considerations in Rulemaking. 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. Therefore, the provisions contained in Minnesota Statutes Section 14.115 (1986) do not apply to the proposed Rules discussed herein.