



**MINNESOTA
HOUSING
FINANCE
AGENCY**



March 21, 1990

Michele Swanson, Commission Secretary
Legislative Commission to Review
Administrative Rules
55 State Office Bldg.
St. Paul, MN 55155-1201

Dear Ms. Swanson:

Pursuant to your request of March 16, 1990 I have enclosed a copy of the Statements of Need and Reasonableness for the capacity building grant program and the capacity building revolving loan program.

If you need further assistance call me at 296-9794.

Sincerely,

A handwritten signature in cursive that reads "Susan K. Noren".

Susan K. Noren
Office Services Supervisor
Legal Division

SKN
Enc.

CAPACITY BUILDING GRANT PROGRAM STATEMENT OF NEED AND REASONABLENESS

Minnesota Statutes (1989), Section 462A.21 Subdivision 3b establishes that the Minnesota Housing Finance Agency (Agency) may make grants to eligible organizations to expand their capacity to provide affordable housing and housing related services. An appropriation of \$100,000 was authorized to fund this program. The proposed rule has been developed under the above referenced statute.

Proposed Minnesota Rules Part 4900.1931 (Scope) describes the scope of parts 4900.1931 to 4900.1937 as they apply to the Agency's Capacity Building Grant Program.

Proposed Minnesota Rules Part 4900.1932 (Definitions) provides definitions under these rules.

Proposed Minnesota Rules Part 4900.1933 (Eligible Applicants) defines those entities that are eligible to receive grant funds as stated in the statute and existing Agency regulations applicable to it. Regional Development Commissions (RDCs) are specifically mentioned because in some regions of the state RDCs are the most active entities in assessing housing needs.

Proposed Minnesota Rules Part 4900.1934 (Eligible Applications) specifies what information, at minimum, will be required as part of an applicant's request for grant funds. The information required under this rule is that which is reasonable and necessary for the Agency to determine the applicant's need for the grant funds and to assess the applicant's ability to successfully complete the proposed project.

Proposed Minnesota Rules Part 4900.1935 (Eligible Uses of Grant Funds) specifies what activities may be funded under the program. Section B is taken directly from the statute. The other eligible uses of funds under this rule are activities which reasonably expand an organization's ability to provide necessary housing and housing related services.

Proposed Minnesota Rules Part 4900.1936 (Selection Criteria) defines the criteria to be used by the Agency when awarding grant funds. These criteria are reasonable and necessary to ensure that the limited funds provided under this program are used to meet the housing needs of a community, assist projects that are economically viable, support projects throughout the state, and expand the capacity of the applicant to continue providing housing related services.

Proposed Minnesota Rules Part 4900.1937 (Funding Priority) is taken directly from the statute.

The Agency is cognizant of the provisions of Section 14.115 of Minnesota Statutes, entitled "Small Business Considerations in Rulemaking," but since the recipients of the grants under the proposed regulation must be nonprofit entities, local units of government, housing and redevelopment authorities, regional development commissions, or Indian tribes or tribal organizations, the regulation does not affect small businesses directly, and the said law, by its terms, is inapplicable to the proposed regulation. Further, to the extent that the grants which are the subject of this regulation may have an ultimate and indirect effect on small businesses, the effect is to make the construction and rehabilitation of low and moderate income housing more capable of feasible underwriting and, accordingly, more obtainable; and, as a result, the proposed rules have no negative effect on small businesses.