

RENTAL HOUSING PROGRAM FOR PERSONS WITH A MENTAL ILLNESS
STATEMENT OF NEED AND REASONABLENESS

Minnesota Statutes 1989, Section 462A.21, subdivision 8c, provides that the Minnesota Housing Finance Agency (hereinafter Agency) may establish, *inter alia*, a rental housing program for persons with a mental illness to provide loans or direct rental subsidies for housing for individuals with incomes of up to 30% of the area median income. The 1989 legislature appropriated \$3 million to fund low-income rental programs under section 462A.21, subdivisions 8b and 8c. The Agency has allocated \$250,000 to fund the program for persons with a mental illness. The proposed rule has been developed pursuant to section 462A.21, subdivision 8c.

Proposed Minnesota Rules Part 4900.3000 (Scope) describes the scope of parts 4900.3000 to 4900.3050 as they relate to the Agency's Rental Housing Program for Persons with a Mental Illness.

Proposed Minnesota Rules Part 4900.3010 (Definitions) provides definitions under these rules.

Proposed Minnesota Rules Part 4900.3020 (Eligible Recipients) describes those entities that are eligible to receive grant funds. The statute specifically provides that housing for the mentally ill must be operated in coordination with social service providers who provide services to tenants.

Proposed Minnesota Rules Part 4900.3030 (Eligible Applications) specifies what information, at a minimum, will be required as part of an applicant's request for grant funds. The information required under this part is the information 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 administer the project.

Proposed Minnesota Rules 4900.3040 (Eligible Uses of Grant Funds) specifies what activities may be funded under the program.

Proposed Minnesota Rule Part 4900.3050 (Selection Criteria) lists the criteria the will 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 effectively and efficiently to meet the housing needs of persons with a mental illness.

The Agency recognizes the provisions Minnesota Statutes Section 14.115, "Small Business Considerations in Rulemaking," but since a recipients of a grant under the proposed rule must be a nonprofit social service provider or a local unit of government, the regulation does not affect small business directly. Section 14.155, by its terms, is inapplicable to the proposed rule. Further, to the extent that the grants which are the subject of this rule may have an ultimate and indirect effect on small businesses, the effect is to make persons with mental illness better able to afford market rate rental units. As a result the proposed rule has no negative effect on small businesses.