

SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH SESSION

S.F. No. 2569

(SENATE AUTHORS: WIKLUND)

DATE	D-PG	OFFICIAL STATUS
03/12/2014	6160	Introduction and first reading Referred to Health, Human Services and Housing
03/13/2014		Comm report: To pass as amended Second reading

A bill for an act

1.1 relating to housing; repealing obsolete, redundant, and unnecessary laws and
1.2 rules under the direction of the Minnesota Housing Finance Agency; making
1.3 conforming changes; changing a State Register notice requirement; amending
1.4 Minnesota Statutes 2012, sections 462A.225; 469.0171; repealing Minnesota
1.5 Statutes 2012, sections 462A.203; 462A.205; 462A.206, subdivisions 1, 2, 3,
1.6 4; 462A.2092; 462A.21, subdivisions 15, 21, 24, 25, 28; 462C.04, subdivisions
1.7 3, 4; Minnesota Rules, parts 4900.0351; 4900.0352; 4900.0353; 4900.0354;
1.8 4900.0355; 4900.0356; 4900.0601; 4900.0602; 4900.0603; 4900.0604;
1.9 4900.0605; 4900.1800; 4900.1801; 4900.1802; 4900.1803; 4900.1804;
1.10 4900.1805; 4900.1806; 4900.1807; 4900.1808; 4900.1900; 4900.1905;
1.11 4900.1910; 4900.1915; 4900.3370; 4900.3371; 4900.3372; 4900.3373;
1.12 4900.3374; 4900.3375; 4900.3376; 4900.3377; 4900.3378; 4900.3379;
1.13 4900.3380; 4900.3400; 4900.3402; 4900.3403; 4900.3404; 4900.3410;
1.14 4900.3411; 4900.3412; 4900.3413; 4900.3414; 4900.3420; 4900.3421;
1.15 4900.3422; 4900.3423; 4900.3424.

1.17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

ARTICLE 1

EXPIRATION OF REPORTING REQUIREMENT

1.20 Section 1. **REPORTING REQUIREMENT EXPIRATION.**

1.21 The requirement that the commissioner of human services and the commissioner
1.22 of the Minnesota Housing Finance Agency jointly prepare and submit a report regarding
1.23 results of funding under Laws 2000, chapter 488, section 2, subdivision 6, paragraph (d),
1.24 of the Transfers to Minnesota Housing Finance Agency rider expires on January 15, 2020.

ARTICLE 2

ELIMINATION OF LOCAL BOND ISSUE REPORT

1.27 Section 1. **REPEALER.**

2.1 Minnesota Statutes 2012, section 462C.04, subdivisions 3 and 4, are repealed.

2.2 **ARTICLE 3**

2.3 **OBSOLETE STATUTES AND RULES**

2.4 Section 1. **REPEALER.**

2.5 Subdivision 1. **Housing preservation program.** Minnesota Statutes 2012, section
2.6 462A.203, is repealed.

2.7 Subd. 2. **Rent assistance for family stabilization.** Minnesota Statutes 2012,
2.8 section 462A.205, is repealed.

2.9 Subd. 3. **Community rehabilitation fund account.** Minnesota Statutes 2012,
2.10 section 462A.206, subdivisions 1, 2, 3, and 4, are repealed.

2.11 Subd. 4. **Employer housing contributions; matching grants.** Minnesota Statutes
2.12 2012, section 462A.2092, is repealed.

2.13 Subd. 5. **Housing development fund uses.** Minnesota Statutes 2012, section
2.14 462A.21, subdivisions 15, 21, 24, 25, and 28, are repealed.

2.15 Subd. 6. **Market rate elderly shallow subsidy rental.** Minnesota Rules, parts
2.16 4900.0351; 4900.0352; 4900.0353; 4900.0354; 4900.0355; and 4900.0356, are repealed.

2.17 Subd. 7. **Energy improvement loan insurance.** Minnesota Rules, parts 4900.0601;
2.18 4900.0602; 4900.0603; 4900.0604; and 4900.0605, are repealed.

2.19 Subd. 8. **Elderly home sharing.** Minnesota Rules, parts 4900.1800; 4900.1801;
2.20 4900.1802; 4900.1803; 4900.1804; 4900.1805; 4900.1806; 4900.1807; and 4900.1808,
2.21 are repealed.

2.22 Subd. 9. **Low-income persons living alone housing.** Minnesota Rules, parts
2.23 4900.1900; 4900.1905; 4900.1910; and 4900.1915, are repealed.

2.24 Subd. 10. **Rent assistance for family stabilization demonstration.** Minnesota
2.25 Rules, parts 4900.3370; 4900.3371; 4900.3372; 4900.3373; 4900.3374; 4900.3375;
2.26 4900.3376; 4900.3377; 4900.3378; 4900.3379; and 4900.3380, are repealed.

2.27 Subd. 11. **Special needs housing for adults with chronic chemical dependency.**
2.28 Minnesota Rules, parts 4900.3400; 4900.3402; 4900.3403; and 4900.3404, are repealed.

2.29 Subd. 12. **Special needs housing for homeless persons.** Minnesota Rules, parts
2.30 4900.3410; 4900.3411; 4900.3412; 4900.3413; and 4900.3414, are repealed.

2.31 Subd. 13. **Training and housing for homeless adults.** Minnesota Rules, parts
2.32 4900.3420; 4900.3421; 4900.3422; 4900.3423; and 4900.3424, are repealed.

3.1 **ARTICLE 4**

3.2 **CONFORMING CHANGES**

3.3 Section 1. Minnesota Statutes 2012, section 469.0171, is amended to read:

3.4 **469.0171 HOUSING PLAN, PROGRAM, AND REVIEW.**

3.5 Prior to the issuance of bonds or obligations for a housing development project
3.6 proposed by an authority under section 469.017, the authority shall prepare and submit for
3.7 review a program as defined in section 462C.02, subdivision 3, in the manner provided in
3.8 sections 462C.04, subdivision 2, and 462C.05, subdivision 5, for the making or purchasing
3.9 of loans by cities.

3.10 ~~The authority shall prepare and submit the report required under section 462C.04,~~
3.11 ~~subdivision 3.~~

3.12 **ARTICLE 5**

3.13 **STATE REGISTER NOTICE**

3.14 Section 1. Minnesota Statutes 2012, section 462A.225, is amended to read:

3.15 **462A.225 STATE REGISTER NOTICE.**

3.16 The agency shall publish in the State Register a notice of the availability
3.17 electronically of all data relating to the state ceiling, state demographer population
3.18 and rental unit estimates, and other information or procedures specified in section 42
3.19 of the Internal Revenue Code of 1986, applicable United States Treasury Department
3.20 regulations, and this subdivision, that the agency considers pertinent to the distribution
3.21 of low-income housing credits and a link to the information described in this section.

3.22 Publications under this section are not subject to chapter 14.

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Article locations in 14-3673

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462A.203 HOUSING PRESERVATION PROGRAM.

Subdivision 1. **Establishment.** The agency may establish a housing preservation program for the purpose of making housing preservation grants to cities. Cities may use the grants to establish revolving loan funds for the acquisition, improvement, or rehabilitation of residential buildings for the purpose of preserving eligible housing. To achieve the policy of economic integration stated in section 462A.02, subdivision 6, the aggregate original principal balances of noneligible mortgagor loans must not exceed 25 percent of the total amount of housing preservation loan funds allocated to a city provided that the mortgagor's income must not exceed 110 percent of the area median income. Housing preservation loans may not be made for housing located within a targeted neighborhood designated under a neighborhood revitalization program.

Subd. 2. **Eligibility requirements.** A city's application for a housing preservation grant must include a geographic description of the area for which the grant will be used. A city may designate only one area for each grant application submitted, but may submit more than one application. The application must include a city council resolution certifying that the designated area meets the following requirements:

(1) at least 70 percent of the single-family housing is at least 35 years old;
(2) at least 60 percent of the single-family housing is owner-occupied;
(3) the average market value of the area's owner-occupied housing is not more than 100 percent of the purchase price limit for existing homes eligible for purchase in the area under the agency's home mortgage loan program; and

(4) the geographic area consists of contiguous parcels of land.

Subd. 3. **Local match.** In order to qualify for a program grant, a city must match every dollar of state money with one dollar of city matching funds. City matching funds may consist of:

(1) money from the general fund or a special fund of the city;
(2) money paid or repaid to a city from the proceeds of a grant that the city has received from the federal government, a profit or nonprofit corporation, or another entity or individual;
(3) the greater of the fair market value or the cost to the city of acquiring land, buildings, equipment, or other real or personal property that a city contributes, grants, or loans to a profit or nonprofit corporation, or other entity or individual in connection with the implementation of the housing preservation program;

(4) money to be used to install, reinstall, repair, or improve the infrastructure facilities of an eligible area;

(5) money contributed by a city to pay issuance costs or to otherwise provide financial support for revenue bonds or obligations issued for a project or program related to the implementation of a housing preservation program; and

(6) money derived from fees received by a city in connection with its community development activities that are to be used in implementing a housing preservation program.

Subd. 4. **Advisory committee.** Before a city may make any loans under the housing preservation program, the city must establish an advisory committee to advise and assist the city in implementing the housing preservation program.

462A.205 RENT ASSISTANCE FOR FAMILY STABILIZATION DEMONSTRATION PROJECT.

Subdivision 1. **Family stabilization demonstration project.** The agency, in consultation with the Department of Human Services, may establish a rent assistance for family stabilization demonstration project. The purpose of the project is to provide rental assistance to families who, at the time of initial eligibility for rental assistance under this section, were receiving public assistance, and had a caretaker parent who was complying with the parent's job search support plan or employment plan and at least one minor child and to provide rental assistance to families who, at the time of initial eligibility for rental assistance under this section, were receiving public assistance, and had a caretaker parent who had earned income and with at least one minor child. The demonstration project is limited to counties with high average housing costs. The program must offer two options: a voucher option and a project-based voucher option. The funds may be distributed on a request for proposal basis.

Subd. 2. **Definitions.** For the purposes of this section, the following terms have the meanings given them.

(a) "Caretaker parent" means a parent, relative caretaker, or minor caretaker as defined by the Minnesota family investment program, chapter 256J.

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(b) "County agency" means the agency designated by the county board to implement financial assistance for current public assistance programs and for the Minnesota family investment program statewide.

(c) "Counties with high average housing costs" means counties whose average federal Section 8 fair market rents as determined by the Department of Housing and Urban Development are in the highest one-third of average rents in the state.

(d) "Designated rental property" is rental property (1) that is made available by a self-sufficiency program for use by participating families and meets federal Section 8 existing quality standards, or (2) that has received federal, state, or local rental rehabilitation assistance since January 1, 1987, and meets federal Section 8 existing housing quality standards.

(e) "Earned income" for a family receiving rental assistance under this section means cash or in-kind income earned through the receipt of wages, salary, commissions, profit from employment activities, net profit from self-employment activities, payments made by an employer for regularly accrued vacation or sick leave, and any other profit from activity earned through effort or labor.

(f) "Employment and training service provider" means a provider as defined in chapter 256J.

(g) "Employment plan" means a plan as defined in chapter 256J.

(h) "Family or participating family" means a family that at the time it begins receiving rent assistance has at least one member who is a recipient of public assistance, and:

(1) a family with a caretaker parent who is complying with the parent's job search support plan or employment plan and with at least one minor child;

(2) a family that, at the time it began receiving rent assistance under this section, had a caretaker parent complying with the parent's job search support plan or employment plan and had at least one minor child;

(3) a family with a caretaker parent who is receiving public assistance and has earned income and with at least one minor child; or

(4) a family that, at the time it began receiving rent assistance under this section, had a caretaker parent who had earned income and at least one minor child.

(i) "Gross family income" for a family receiving rental assistance under this section means the gross amount of the wages, salaries, Social Security payments, pensions, workers' compensation, unemployment benefits, the cash assistance portion of public assistance payments, alimony, and child support.

(j) "Local housing organization" means the agency of local government responsible for administering the Department of Housing and Urban Development's Section 8 existing voucher and certificate program or a nonprofit or for-profit organization experienced in housing management.

(k) "Public assistance" means the Minnesota family investment program.

Subd. 3. **Local housing organization.** The agency may contract with a local housing organization to administer the rent assistance under this section. The agency may pay the local housing organization an administrative fee.

Subd. 4. **Amount and payment of rent assistance.** (a) This subdivision applies to both the voucher option and the project-based voucher option.

(b) Within the limits of available appropriations, eligible families may receive monthly rent assistance for a 60-month period starting with the month the family first receives rent assistance under this section. The amount of the family's portion of the rental payment is equal to at least 30 percent of gross income.

(c) The rent assistance must be paid by the local housing organization to the property owner.

(d) Subject to the limitations in paragraph (e), the amount of rent assistance is the difference between the rent and the family's portion of the rental payment.

(e) In no case:

(1) may the amount of monthly rent assistance be more than \$250 for housing located within the metropolitan area or more than \$200 for housing located outside of the metropolitan area;

(2) may the owner receive more rent for assisted units than for comparable unassisted units; nor

(3) may the amount of monthly rent assistance be more than the difference between the family's portion of the rental payment and the fair market rent for the unit as determined by the Department of Housing and Urban Development.

Subd. 4a. **Additional authorized expenses.** In addition to the monthly rent assistance authorized under subdivision 4, rent assistance may include up to \$200 for a security deposit for

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housing located outside the metropolitan area and up to \$250 for a security deposit for housing located within the metropolitan area.

Subd. 5. **Voucher option.** At least one-half of the appropriated funds must be made available for a voucher option. Under the voucher option, the Minnesota Housing Finance Agency, in consultation with the Department of Human Services, will award a number of vouchers to employment and training service providers for participating families. Families may use the voucher for any rental housing that is certified by the local housing organization as meeting Section 8 existing housing quality standards.

Subd. 6. **Project-based voucher option.** A portion of the appropriated funds must be made available for a project-based voucher option. Under the project-based voucher option, the Minnesota Housing Finance Agency, in consultation with the Department of Human Services, will award a number of vouchers to employment and training service providers for participating families who live in designated rental property that is certified by a local housing organization as meeting Section 8 existing housing quality standards.

Subd. 7. **Property owner.** In order to receive rent assistance payments, the property owner must enter into a standard lease agreement with the family which includes a clause providing for good cause evictions only. Otherwise, the lease may be any standard lease agreement. The agency and local housing organizations must make model lease agreements available to participating families and property owners.

Subd. 8. **Authorized leverage of money.** The agency may leverage federal program money with program money from the family stabilization demonstration project authorized under this section.

Subd. 9. **Vouchers for families with a caretaker parent with earned income.** (a) Applications to provide the rental assistance for families with a caretaker parent with earned income under either the voucher or project-based option must be submitted jointly by a local housing organization and an employment and training service provider. The application must include a description of how the caretaker parent participants will be selected.

(b) Employment and training service providers awarded vouchers must select the caretaker parents with earned income whose families will receive the rental assistance. The employment and training service provider must notify the local housing organization and the agency if:

(1) at the time of annual recertification, the caretaker parent no longer has earned income and is not in compliance with the caretaker parent's employment plan or job search plan; and

(2) for a period of six months after the annual recertification, the caretaker parent has no earned income and has failed to comply with the job search support plan or employment plan.

(c) The local housing organization must provide the caretaker parent who, at the time of annual recertification, has no earned income and is not in compliance with the job search support plan or employment plan with the notice specified in Minnesota Rules, part 4900.3379. The local housing organization must send a subsequent notice to the caretaker parent and the Minnesota Housing Finance Agency 60 days before the termination of rental assistance.

(d) If the local housing organization receives notice from an employment and training service provider that a caretaker parent whose initial eligibility for rental assistance was based on the receipt of earned income no longer has earned income and for a period of six months after the annual recertification has failed to comply with the caretaker parent's job search plan or employment plan, the local housing organization must notify the property owner that rental assistance may terminate and notify the caretaker parent of the termination of rental assistance under Minnesota Rules, part 4900.3380.

(e) The employment and training service provider awarded vouchers for families with a caretaker parent with earned income must comply with the provisions of Minnesota Rules, part 4900.3377.

(f) For families whose initial eligibility for rental assistance was based on the receipt of earned income, rental assistance must be terminated under any of the following conditions:

(1) the family is evicted from the property for cause;

(2) the caretaker parent no longer has earned income and, six months after an annual recertification, is not in compliance with the parent's job search or employment plan;

(3) 30 percent of the family's gross income equals or exceeds the amount of the housing costs for two or more consecutive months;

(4) the family has received rental assistance under this section for a 60-month period; or

(5) the rental unit no longer meets federal Section 8 existing housing quality standards, the owner refused to make necessary repairs or alterations to bring the rental unit into compliance within a reasonable time, and the caretaker parent refused to relocate to a qualifying unit.

(g) If an employment and training service provider determines that a caretaker parent no longer has earned income and is not in compliance with the parent's job search or employment

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plan, the employment and training service provider must notify the caretaker parent of that determination. The notice must be in writing and must explain the effect of not having earned income or failing to be in compliance with the job search or employment plan will have on the rental assistance. The notice must:

- (1) state that rental assistance will end six months after an annual recertification;
- (2) specify the date the rental assistance will end;
- (3) explain that after the date specified, the caretaker parent will be responsible for the total housing costs;
- (4) describe the actions the caretaker parent may take to avoid termination of rental assistance; and
- (5) inform the caretaker parent of the caretaker parent's responsibility to notify the employment and training service provider if the caretaker parent has earned income.

462A.206 COMMUNITY REHABILITATION FUND ACCOUNT.

Subdivision 1. **Account.** The community rehabilitation fund account is established as a separate account in the housing development fund. Money in the account is appropriated to the agency for the purposes specified in this section.

Subd. 2. **Authorization.** The agency may make grants or loans to cities, nonprofit, or for-profit organizations for the purposes of construction, acquisition, rehabilitation, demolition, permanent financing, refinancing, construction financing, gap financing of housing for homeownership, or full cycle home ownership services, as defined in section 462A.209, subdivision 2. Gap financing is financing for the difference between the cost of the improvement of the blighted property, including acquisition, demolition, rehabilitation, and construction, and the market value of the property upon sale. The agency shall take into account the amount of money that the city, nonprofit, or for-profit organization leverages from other sources in awarding grants and loans. The agency shall also consider the extent to which the grant or loan recipient will coordinate use of the funds with its other housing-related efforts or other housing-related efforts in the recipient's geographic area. In determining whether to award a grant or loan, the agency shall seek to maximize the recycling of state resources wherever appropriate. The city, nonprofit, or for-profit organization must indicate in its application how the proposed project is consistent with the consolidated housing plan. Not less than ten days before submitting its application to the agency, a nonprofit or for-profit organization must notify the city in which the project will be located of its intent to apply for funds. The city may submit to the agency its written comments on the nonprofit or for-profit organization's application and the agency shall consider the city's comments in reviewing the application. Cities, nonprofit, and for-profit organizations may use the grants and loans to establish revolving loan funds and to provide grants and loans to eligible mortgagors. The city, nonprofit, or for-profit organization may determine the terms and conditions of the grants and loans. An agency loan may only be used by a city, nonprofit, or for-profit organization to make loans.

Subd. 3. **Requirements.** Grants or loans made under this section must be used for housing rented to or owned by persons or families with income less than or equal to 115 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development. If a grant or loan is used for demolition, the cleared land must be used for the construction of housing to be rented to or owned by persons or for other housing-related purposes primarily for the benefit of persons residing in the adjacent housing.

Subd. 4. **Designated areas.** For the purposes of focusing resources, a city, a nonprofit, or a for-profit organization located in a metropolitan statistical area must designate neighborhoods within which the grants or loans may be used, and a city, nonprofit, or for-profit organization located outside of a metropolitan statistical area must designate a geographic area within which the grants or loans may be used.

462A.2092 EMPLOYER HOUSING CONTRIBUTIONS; MATCHING GRANT.

(a) The commissioner may provide matching grants for contributions made by employers for the development, rehabilitation, or acquisition of affordable housing. An employer contribution is eligible for a matching grant or low-interest loan if the contribution is:

- (1) made to a fund administered by a nonprofit corporation to which the employer is not associated or to a government agency; and
- (2) used to develop or rehabilitate affordable housing located in Minnesota or is used to assist low-income and moderate-income households to acquire affordable housing located in Minnesota.

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(b) The matching grant is available up to the amount of the contribution made by the employer. The amount of the matching grant may not exceed the amount the commissioner determines is necessary for the financial feasibility of the project or loan. The total matching grants available for an employer's contributions may not exceed \$250,000. The commissioner shall award the matching grant to the housing project or initiative for which the employer contribution is used.

462A.21 HOUSING DEVELOPMENT FUND; ADVANCES, USE REPAYMENT.

Subd. 15. **Rural and urban homesteading program.** It may make grants to eligible organizations for the Minnesota rural and urban homesteading program under section 462A.057 and may pay the costs and expenses necessary and incidental to the grant program.

Subd. 21. **Community rehabilitation program.** The agency or its grantees may spend money for the purposes of the community rehabilitation program authorized under section 462A.206 and may pay the costs and expenses necessary and incidental to the development and operation of the program.

Subd. 24. **Employer housing contributions; matching grant.** It may spend money for the purpose of the matching grant for employer contributions program under section 462A.2092, and may pay costs and expenses necessary and incidental to the development and operation of the program.

Subd. 25. **Consumer-owned housing revolving account.** The agency may create a consumer-owned housing revolving account: (1) to assist in paying delinquent mortgage payments of persons participating in the federal National Mortgage Association pilot program for homeownership of persons with disabilities; or (2) for other activities that support homeownership activities for persons with disabilities.

Subd. 28. **Family stabilization demonstration project.** The agency may spend money for the purposes of section 462A.205 and may pay costs and expenses necessary and incidental to the development and operation of the project.

462C.04 PROGRAM REVIEW.

Subd. 3. **City report.** Within 30 days after the bonds are issued for a housing program, the city shall submit a report to the Minnesota Housing Finance Agency, the Metropolitan Council if the city is located within the metropolitan area as defined in section 473.121, subdivision 2, or the appropriate regional development commission. The report must include a program description, the amount of bonds issued, the income limits, and the rent levels.

Subd. 4. **Annual legislative report.** The Minnesota Housing Finance Agency, in cooperation with the Metropolitan Council and the regional development commissions, shall report annually to the legislature on the number and amounts of bond issues and the number of housing programs established pursuant to sections 462C.01 to 462C.08.

4900.0351 SCOPE.

Parts 4900.0351 to 4900.0355 govern the implementation of the market rate elderly shallow subsidy rental program and the disbursement of the subsidy.

4900.0352 DEFINITIONS.

Subpart 1. **Scope.** For the purposes of parts 4900.0351 to 4900.0355, the following terms have the meanings given them.

Subp. 2. **Agency.** "Agency" means the Minnesota Housing Finance Agency.

Subp. 3. **Market rate elderly shallow subsidy rental program or program.** "Market rate elderly shallow subsidy rental program" or "program" means the agency's plan and procedures designed to distribute funds to assist eligible recipients in the making of tenant rental payments in eligible developments.

Subp. 4. **Eligible recipients.** "Eligible recipients" means the persons and families entitled to receive rental subsidy payments as provided in parts 4900.0351 to 4900.0355.

Subp. 5. **Eligible developments.** "Eligible developments" means those rental developments qualified to receive the benefits of the rental subsidies as provided in parts 4900.0351 to 4900.0355.

4900.0353 ELIGIBLE RECIPIENTS.

An eligible recipient of the market rate elderly shallow subsidy rental program shall:

- A. be a tenant household of which at least one member is 62 years of age or older;
- B. have an annual income that does not exceed 50 percent of the median income for the county in which they are to receive the subsidy, as determined by the United States Department of Housing and Urban Development;
- C. occupy a one-bedroom rental unit;
- D. furnish to the agency all information reasonably required to demonstrate the recipient's eligibility; and
- E. reside in an eligible development.

4900.0354 ELIGIBLE DEVELOPMENTS.

A development that is eligible to receive market rate elderly shallow rental subsidies for its tenants must:

- A. receive permanent financing from the agency after August 1, 1984;
- B. be designed to serve low- and moderate-income elderly households;
- C. be either newly constructed or substantially rehabilitated; and
- D. be owned by either a limited dividend or nonprofit entity as defined in part 4900.0010.

4900.0355 SUBSIDY PROGRAM.

Subpart 1. **Monthly subsidy.** The agency shall determine the amount of tenant subsidy. It must be a fixed constant amount per month per tenant household, must be the same for all tenant households selected to receive the subsidy during a fiscal year, and must be based upon the amount of funds available to the agency for the program.

Subp. 2. **Term of subsidy.** A recipient of a tenant subsidy under the market rate elderly shallow subsidy rental program may receive the subsidy for as long as the recipient occupies the eligible development in which he or she initially received the subsidy.

Subp. 3. **Selection of eligible recipients.** The agency shall select recipients of the market rate elderly shallow subsidy rental program and shall give priority to the following:

- A. a household displaced by government action or private action for which it is not responsible;
- B. a household that presently occupies substandard or overcrowded housing or housing with serious health or housing code violations;
- C. a household that is not receiving housing assistance under another state, county, city, or federal program;

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D. a household that is in need of the assistance of family members in order to live independently, where such family members live in the immediate vicinity of the eligible development.

If more than one applicant meets these criteria for selection equally, the agency shall prefer the applicant that applied first in time.

Subp. 4. **Distribution of subsidy.** The owner or owner's agent of the eligible development in which the recipient resides shall collect from the recipient and place in the development's management accounts an amount equal to the monthly market rent for the unit in which the recipient resides, less the specified subsidy amount. The agency shall apply the subsidy amount as provided in a regulatory agreement with the owner of the eligible development.

4900.0356 ELIGIBLE APPLICATIONS.

Subpart 1. **Property interest.** An applicant for an apartment renovation mortgage loan must, at the time of application, possess one of the following interests in the property to be improved:

- A. a fee title;
- B. a fee title subject to a mortgage or other lien securing a debt capable of prepayment or, at the option of the agency, subordination; or
- C. a mutually binding contract or option for the purchase of fee title.

Subp. 2. **Eligible borrowers.** Natural persons, public or private for profit or nonprofit corporations or entities, partnerships, joint ventures, or cooperatives are eligible to receive an apartment renovation mortgage loan.

Subp. 3. **Credit risk.** An applicant for an apartment renovation mortgage loan must be a reasonable credit risk with the capacity to pay the loan obligation, as determined by the agency.

Subp. 4. **Eligible structures.** To be eligible for improvements funded with an apartment renovation mortgage loan, the structure:

- A. must be in need of improvements or repairs in order to bring it into compliance with Minnesota Statutes, section 216C.27, subdivision 3, state energy conservation standards; and
- B. must contain a minimum of four dwelling units.

Subp. 5. **Compliance with zoning ordinances.** The structure to be improved must not be in violation of applicable zoning ordinances.

Subp. 6. **Use of property restricted.** The property must be used primarily for residential purposes.

Subp. 7. **Restriction of loan use.** Apartment renovation mortgage loan proceeds may be used to refinance existing indebtedness secured by the property in conjunction with the funding of the improvements contemplated by part 4900.0357.

Subp. 8. **Unavailability of financing.** At the time of application, conventional financing must not be available from private lenders upon equivalent terms and conditions.

Subp. 9. **Required occupancy.** At the time of loan closing or initial occupancy, at least 75 percent of the dwelling units in the structure to be improved must be occupied by low- and moderate-income persons and families, defined as follows: persons or families whose adjusted income does not exceed the greater of \$16,000 or 66 times the gross rental for the unit; provided that the gross rental for the unit is correlated by the agency with fair market rents for the geographical area in which the property to be improved is located, as determined and adjusted from time to time by the United States Department of Housing and Urban Development. The agency may provide by contract with the borrower for rent levels during a predetermined period after loan closing which will be affordable to persons and families of low and moderate income, as defined in this subpart.

4900.0601 DEFINITIONS.

Subpart 1. **Scope.** For the purposes of parts 4900.0601 to 4900.0605, the following terms have the meanings given them.

Subp. 2. **Agency.** "Agency" means the Minnesota Housing Finance Agency.

Subp. 3. **Borrower.** "Borrower" means one or more persons or legal entities.

Subp. 4. **Energy improvement loan insurance program.** "Energy improvement loan insurance program" means a program established by Minnesota Statutes, section 462A.05, subdivision 23, to insure loans that are made by lenders to eligible borrowers to pay the costs of eligible improvements made to eligible structures.

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Subp. 5. **Insure.** "Insure" means that the agency will pay to the lender a portion of defaulted loans that are insured by the energy improvement loan insurance program, up to a maximum total amount for each lender.

Subp. 6. **Lender.** "Lender" means a banking institution, savings association, or other lender approved by the agency, organized under the laws of this or any other state or of the United States having an office in Minnesota.

Subp. 7. **Rental dwelling unit.** "Rental dwelling unit" means a housing unit containing cooking, sleeping, and bathroom facilities that is occupied by a household other than the owner of the dwelling for which rent is received either in cash or in kind.

4900.0602 ELIGIBLE LOAN.

For a loan to be insured under the energy improvement loan insurance program, the loan must comply with parts 4900.0603 to 4900.0605.

4900.0603 ELIGIBLE BORROWERS.

Subpart 1. **Interest in property.** An eligible borrower shall, individually or in the aggregate, possess at least a one-third interest in either a fee title, a contract for deed, or a life estate in the property and the structure located thereon.

Subp. 2. **Credit review.** An eligible borrower shall be a reasonable credit risk, and shall be able to pay the loan obligation, as determined by the lender that originates a loan to be insured under the energy improvement loan insurance program and as determined by the agency.

4900.0604 ELIGIBLE STRUCTURES.

An eligible structure must contain one or more rental dwelling units and must not be in compliance with applicable energy efficiency standards.

4900.0605 ELIGIBLE IMPROVEMENTS.

Eligible improvements are any improvements that are primarily designed to reduce energy consumption, and any structural or other directly related repairs that are essential to accomplish the eligible improvement.

4900.1800 SCOPE.

Parts 4900.1800 to 4900.1803 govern the implementation of the elderly home sharing program.

4900.1801 DEFINITIONS.

Subpart 1. **Agency.** "Agency" means the Minnesota Housing Finance Agency.

Subp. 2. **Applicant.** "Applicant" means one or more entities which submit an application to the agency for an elderly home sharing program grant or loan.

Subp. 3. **Application.** "Application" means a submittal requesting a grant or loan of funds to pay the cost of either one or both of the following:

- A. developing; or
- B. administering

an elderly home sharing program.

Subp. 4. **Elderly home sharing program or program.** "Elderly home sharing program" or "program" means the agency's plan and procedures designed to provide grants or loans to eligible applicants for the development and administration of home sharing programs which match existing low and moderate income elderly homeowners with prospective tenants who will contribute either rent or services to the homeowner.

Subp. 5. **Low- and moderate-income elderly or elderly.** "Low- and moderate-income elderly" or "elderly" means persons 55 years of age or older with incomes that do not exceed the greater of 80 percent of the statewide or area median household income as estimated by the United States Department of Housing and Urban Development, and who reside and have an ownership interest in a single family house located in Minnesota.

Subp. 6. **Tenant.** "Tenant" means a person of any age who will pay rent or provide services in exchange for being able to share an elderly homeowner's residence.

4900.1802 ELIGIBILITY.

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To be eligible for selection as a recipient of a grant or loan under the program, an applicant must satisfy the following requirements:

- A. The applicant must be a nonprofit entity as defined in part 4900.0010, subpart 21.
- B. The applicant must provide a comprehensive plan for providing an elderly home sharing program and document his or her ability to establish and maintain that program for a period of time specified by the agency. At a minimum this plan must include:
 - (1) documentation of a need for this type of service in the proposed geographical area;
 - (2) a description of the applicant's goals and objectives in meeting the area's need for elderly home sharing;
 - (3) a detailed description of how the proposed program would be administered, including qualifications of staff;
 - (4) a detailed budget for the specified period showing all costs and sources of funds to pay them; and
 - (5) documentation of fiscal responsibility and the ability to establish and maintain a home sharing program.

4900.1803 SELECTION CRITERIA.

The agency will take the following criteria into consideration when determining whether an applicant will receive a grant or loan under the program:

- A. The prior experience of the applicant in establishing and maintaining a home sharing or similar program.
- B. The extent to which grant or loan funds are combined with other funds from private or public sources to make the program economically feasible.
- C. The ability of the applicant to proceed expeditiously with the program.
- D. The documented need for the home sharing program in the proposed location.
- E. The geographic area to be served, to the end that a reasonable distribution of programs throughout the state can be achieved.
- F. The extent of community support for the project.

4900.1804 SCOPE.

Parts 4900.1804 to 4900.1808 govern the implementation of the shared housing program.

4900.1805 DEFINITIONS.

Subpart 1. **Scope.** The terms used in parts 4900.1804 to 4900.1808 have the meanings given them in this part.

Subp. 2. **Agency.** "Agency" means the Minnesota Housing Finance Agency.

Subp. 3. **Applicant.** "Applicant" means one or more persons or entities who submit an application to the agency for a shared housing grant or loan.

Subp. 4. **Application.** "Application" means a submittal requesting a grant or loan to pay the cost of acquisition, construction, or rehabilitation of a structure into a shared housing facility for occupancy by low and moderate income elderly.

Subp. 5. **Low and moderate income elderly or elderly.** "Low and moderate income elderly" or "elderly" means persons 55 years of age and older with incomes which do not exceed the greater of 80 percent of the statewide or area median household income as estimated by the United States Department of Housing and Urban Development.

Subp. 6. **Shared housing program or program.** "Shared housing program" or "program" means the agency's plan and procedures designed to provide grants or loans to housing sponsors for the acquisition, construction, or conversion of existing structures into shared housing facilities that contain from three to 12 private sleeping rooms, with shared cooking facilities and common space, for occupancy by low- and moderate-income elderly.

Subp. 7. **Structure.** "Structure" means a building to be acquired, constructed, or rehabilitated for use as shared housing.

Subp. 8. **Shared housing.** "Shared housing" means a structure for occupancy by the elderly that contains from three to 12 private sleeping rooms, shared cooking facilities, and common space.

4900.1806 APPLICANT ELIGIBILITY.

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To be eligible for selection as a recipient of a grant or loan, an applicant must satisfy the following requirements:

- A. The applicant must be a housing sponsor as defined in part 4900.0010, subpart 13.
- B. The applicant must provide a comprehensive plan for providing a shared housing structure, and document the ability to successfully maintain the structure in accordance with its intended use for a period of time specified by the agency. At a minimum this plan must include:
 - (1) documentation of the need and desirability of the proposed shared housing;
 - (2) a description of the applicant's goals and objectives for meeting the special needs of the population to be served;
 - (3) a detailed budget for the acquisition, construction, or rehabilitation of the proposed structure;
 - (4) documentation of an ability to successfully match potential tenants in the shared housing facility;
 - (5) documentation of an ability to provide any required support and services for the tenants in the shared housing facility; and
 - (6) documentation of fiscal responsibility and the ability to complete the acquisition, construction, or rehabilitation of the structure and to maintain the structure in accordance with its intended use for a period of time specified by the agency.

4900.1807 STRUCTURE ELIGIBILITY.

To be eligible for selection for a grant or loan, a proposed shared housing facility must satisfy the following requirements:

- A. The structure must contain from three to 12 private sleeping rooms, shared cooking facilities, and shared common space.
- B. The structure must provide shared housing for low and moderate income elderly.
- C. The structure must provide a physical environment that is responsive to the needs of the population to be served.
- D. The structure must comply with applicable state and local codes, zoning ordinances, land use provisions and laws.
- E. The structure must be located in Minnesota.

4900.1808 SELECTION CRITERIA.

The agency will take the following criteria into consideration when determining which applications will be funded:

- A. The amount of experience of the applicant in establishing and maintaining shared housing facilities.
- B. The extent to which the grant or loan funds are combined with other funds from private or public sources.
- C. The ability of the applicant to proceed promptly with the acquisition, construction, or rehabilitation of the structure.
- D. The suitability of the proposed structure for its intended use, including its location within the community, its homelike qualities, and its image and attractiveness.
- E. The documented need for shared housing in the proposed location.
- F. The ability of the applicant to maintain the facility for its intended use for a period of time specified by the agency.
- G. The reasonableness of the cost of acquisition, construction, or rehabilitation of the structure.
- H. The location of the proposed facility, so as to allow for a reasonable distribution of facilities throughout the state.
- I. The extent of community support documented for the proposed facility.
- J. The extent to which the applicant uses innovative, cost-effective techniques in providing the shared housing structure and in maintaining it as a desirable place for the elderly to reside.

4900.1900 SCOPE.

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Parts 4900.1900 to 4900.1915 govern the implementation of the Low-Income Persons Living Alone Housing Program.

4900.1905 DEFINITIONS.

Subpart 1. **Scope.** The terms used in parts 4900.1900 to 4900.1915 have the meanings given them in this part.

Subp. 2. **Agency.** "Agency" means the Minnesota Housing Finance Agency.

Subp. 3. **Applicant.** "Applicant" means one or more entities that submit an application to the agency for a grant to assist in the development of housing for low income persons living alone.

Subp. 4. **Application.** "Application" means a submittal requesting a grant of funds to pay up to 50 percent of the development costs of residential housing for low income persons living alone.

Subp. 5. **Low-Income Persons Living Alone Housing Program or program.** "Low-Income Persons Living Alone Housing Program" or "program" means the agency's plan and procedures designed to provide grants to eligible applicants for the development of residential housing for low-income persons living alone.

Subp. 6. **Low-income persons living alone.** "Low-income persons living alone" means those persons:

- A. who do not share a residence with a minor child;
- B. who are not eligible for admission to lower income housing under United States Code, title 42, section 1437a, as an elderly or disabled person; and
- C. whose annual gross income does not exceed 150 percent of the poverty line established by the United States Office of Management and Budget.

4900.1910 ELIGIBILITY.

Subpart 1. **Applications.** To be eligible for selection as a recipient of a grant under the program, the application must satisfy the following requirements:

A. The proposed residential housing must be exclusively for the use of low income persons living alone.

B. The occupants of the residential housing must be offered a written lease that:

- (1) complies with Minnesota Statutes, section 325G.31;
- (2) offers the occupant the option to renew;
- (3) prohibits eviction of an occupant without good cause; and
- (4) does not require the occupant to accept board as well as lodging.

C. The amount of the grant requested must not exceed 50 percent of the total development cost of the proposed residential housing.

D. The application must include a comprehensive plan for the development and management of housing for low income persons living alone and document the ability of the applicant to develop and maintain that housing for a period of time specified by the agency. At a minimum, this plan must include:

- (1) documentation of a need for this type of housing in the proposed geographic area;
- (2) a description of the applicants' goals and objectives in meeting the area's need for this type of housing;

(3) a detailed description of how this housing will be developed and managed, including:

- (a) a description of the proposed site for the housing;
 - (b) preliminary architectural plans for the development;
 - (c) qualifications of the development and management staff; and
 - (d) a proposed tenant selection plan;
- (4) a detailed budget for the development of the proposed housing showing all development costs and the sources of funds to pay them;
- (5) a detailed budget for the operation of the housing showing all anticipated operating costs and the proposed rents and other income;
- (6) documentation of the experience and fiscal responsibility of the applicant in developing similar housing; and
- (7) evidence of community support for the proposed development.

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Subp. 2. **Applicant.** To be eligible for selection as a recipient of a grant under the program, an applicant must be either:

- A. a Minnesota city;
- B. a joint powers board established by two or more Minnesota cities;
- C. a Minnesota Housing and Redevelopment Authority created under Minnesota Statutes, sections 469.001 to 469.047; or
- D. a Minnesota nonprofit entity as defined in part 4900.0010, subpart 21.

4900.1915 SELECTION CRITERIA.

The agency will take the following criteria into consideration when determining whether an application and applicant will be selected for a grant under the program:

- A. the prior experience of the applicant in development and managing similar residential housing;
- B. the extent to which grant funds are combined with other funds from private or public sources to make the development economically feasible;
- C. the ability of the applicant to proceed expeditiously with the development;
- D. the documented need for this type of residential housing in the proposed geographic area;
- E. the cost and quality of the proposed housing;
- F. the extent to which the amount of rent to be charged is less than 30 percent of the income of the low-income person leasing the housing unit;
- G. the geographic area to be serviced, to the end that a reasonable distribution of low-income housing for persons living alone can be achieved; and
- H. the extent of community support for this type of development.

4900.3370 SCOPE.

Parts 4900.3370 to 4900.3380 govern the implementation of the rent assistance for family stabilization demonstration program under Minnesota Statutes, section 462A.205.

4900.3371 DEFINITIONS.

Subpart 1. **Scope.** The terms used in parts 4900.3372 to 4900.3380 have the meanings given them in this part.

Subp. 2. **Agency.** "Agency" means the Minnesota Housing Finance Agency.

Subp. 3. **Caretaker parent.** "Caretaker parent" means a parent, caretaker relative, or minor parent as defined by the Minnesota family investment program in Minnesota Statutes, sections 256J.01 to 256J.88.

Subp. 4. **Counties with high average housing costs.** "Counties with high average housing costs" means counties whose average federal Section 8 fair market rents for existing housing as determined by the United States Department of Housing and Urban Development are in the highest one-third of average rents in the state at the time of application.

Subp. 5. **Designated rental property.** "Designated rental property" means rental property that:

- A. is made available by a self-sufficiency program for use by participating families and meets federal Section 8 existing quality standards; or
- B. has received federal, state, or local rental rehabilitation assistance since January 1, 1987, and meets federal Section 8 existing housing quality standards.

Subp. 6. **Family or participating family.** "Family" or "participating family" means:

- A. a family with a caretaker parent who is participating in a self-sufficiency program and with at least one minor child; or
- B. a family that, at the time it began receiving rent assistance under parts 4900.3370 to 4900.3380, had a caretaker parent participating in a self-sufficiency program, and had at least one minor child.

Subp. 7. **Gross family income.** "Gross family income" means the gross amount of the household's annual cumulative income including, but not limited to, wages, salaries, social security payments, pensions, workers' compensation, unemployment compensation, public

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assistance payments, alimony, child support, disability payments, veterans benefits, support and maintenance payments, and income from assets received by the family.

Subp. 8. **Housing cost.** "Housing cost" means the total monthly housing costs of a tenant including rent and utilities paid directly by the tenant, excluding, but not limited to cable television. In most instances, the utility allowance standard established by the United States Department of Housing and Urban Development for the Section 8 existing program shall be used.

Subp. 9. **Local housing organization.** "Local housing organization" means the agency of local government responsible for administering the United States Department of Housing and Urban Development's Section 8 existing voucher and certificate program or a nonprofit or for-profit organization experienced in housing management.

Subp. 10. **Public assistance.** "Public assistance" means the Minnesota family investment program as defined in Minnesota Statutes, sections 256J.01 to 256J.88, or family general assistance as defined in Minnesota Statutes, sections 256D.01 to 256D.21.

Subp. 11. **Self-sufficiency program or program.** "Self-sufficiency program" or "program" means a program operated by a certified employment and training service provider as defined in Minnesota Statutes, section 256.736, subdivision 1a, paragraph (e), an employability program administered by a community action agency as defined in Minnesota Statutes, section 268.53, or courses of study at an accredited institution of higher education pursued with at least half-time student status, or an established privately funded self-sufficiency program.

4900.3372 VOUCHER OPTION.

Subpart 1. **General description.** Under the voucher option, the agency shall award a number of rental assistance vouchers to self-sufficiency program administrators for use by participating families. Participating families may use the rental assistance voucher for rental housing that is certified by the local housing organization as meeting Section 8 existing housing quality standards.

Subp. 2. **Responsibilities of self-sufficiency program administrator.** Self-sufficiency program administrators must select the caretaker parents whose families will receive the rent assistance. The self-sufficiency program administrator must notify the local housing organization and the agency of the following:

A. if the caretaker parent, before completion of a program, is no longer participating in or leaves a program;

B. if a caretaker parent who has discontinued participation in a program returns to the program; and

C. if a caretaker parent, after six months of discontinued participation in a program, has not returned to the program, is not employed at least half-time, or is not participating in another program.

The self-sufficiency program administrator must provide the caretaker parent who has discontinued participation in a program before completion with the notice specified in part 4900.3379. The self-sufficiency program administrator must send a subsequent notice to the caretaker parent, the local housing organization, and the agency 60 days before termination of the housing assistance.

Subp. 3. **Responsibilities of local housing organization.** The local housing organization must administer the monthly rent assistance. It must:

A. certify that the rental property meets the federal Section 8 existing housing quality standards before rent assistance is paid initially and must inspect the property annually, or as needed, to determine compliance with existing housing quality standards;

B. pay the rent assistance directly to the owner of the property;

C. require the property owner to enter into an approved standard lease agreement with the tenant that includes a clause providing for good cause evictions only;

D. recertify family eligibility on at least an annual basis to verify the family's current eligibility for housing assistance; and

E. if it has received a 60-day notice from a self-sufficiency program administrator under subpart 2 that a caretaker parent has discontinued participation in a program, notify the property owner that rental assistance may terminate and notify the caretaker parent of the termination of rental assistance under part 4900.3380.

Subp. 4. **Eligible application.** A local housing organization and a self-sufficiency program administrator must submit an application jointly to the agency for the rent assistance for family

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stabilization demonstration program. The applicants must provide an application in the form prescribed by the agency. At a minimum, the application shall include the following:

- A. a description and history of the self-sufficiency program;
- B. a description of how the caretaker parent participants are selected;
- C. the amount of rental assistance subsidy requested;
- D. descriptions and histories of the applicants, including funding sources; and
- E. a three-year budget projection for the self-sufficiency program.

Subp. 5. **Eligible applicants.** Eligible applicants are self-sufficiency program administrators that provide services to caretaker parents who reside in counties with high average housing costs and the local housing organization that administers the federal Section 8 housing certificate and voucher program for the area.

4900.3373 PROJECT-BASED OPTION.

Subpart 1. **General description.** Under the project-based rental assistance option, the agency shall award a number of vouchers to self-sufficiency program administrators for use by participating families who live in designated rental property. Either the agency or a local housing organization may administer the monthly rent assistance. The responsibilities of self-sufficiency program administrators and either a local housing organization or the agency are as specified under part 4900.3372, subparts 2 and 3.

Subp. 2. **Eligible application.** A self-sufficiency program administrator must submit an application to the agency for the rent assistance for family stabilization demonstration program. The applicant must provide an application in the form prescribed by the agency. At a minimum, the application shall include the following:

- A. a description and history of the self-sufficiency program;
- B. a description of how the caretaker parent participants are selected;
- C. the amount of rental assistance subsidy requested;
- D. a description and history of the applicant, including funding sources; and
- E. a three-year budget projection for the self-sufficiency program.

Subp. 3. **Eligible applicants.** Eligible applicants are administrators of self-sufficiency programs as defined in part 4900.3371, subpart 11, that provide services to caretaker parents who reside in counties with high average housing costs.

4900.3374 SELECTION CRITERIA.

The agency must consider the following criteria when determining whether an applicant will receive rental assistance under the program:

- A. the turnover rates of children in kindergarten through grade four in the area served by the self-sufficiency program;
- B. the per capita public assistance usage in the area served by the self-sufficiency program;
- C. the successful experience of the self-sufficiency program administrator in working with families on self-sufficiency goals;
- D. the probability of funding for the duration of the program;
- E. the extent to which the application results in broad geographic distribution;
- F. the extent to which the program provides an alternative approach to achieving self-sufficiency; and
- G. the extent to which the program demonstrates a coordinated, comprehensive approach to achieving self-sufficiency.

4900.3375 AMOUNT AND PAYMENT OF RENT ASSISTANCE.

Subpart 1. **Length of time.** Within the limits of available appropriations, eligible families may receive monthly rent assistance for up to a 36-month period starting with the month the family first receives rent assistance under this part.

Subp. 2. **Paid to property owner.** The rent assistance must be paid directly to the property owner.

Subp. 3. **Calculation of payment.** Subject to the limitations in subpart 4, the amount of monthly rent assistance is the difference between the monthly housing cost and the family's

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portion of the monthly housing cost. The family's portion of the monthly housing cost is equal to at least 30 percent of its monthly gross income.

Subp. 4. **Limitations.** In no case:

- A. may the amount of monthly rent assistance be more than \$200;
- B. may the owner receive more rent for assisted units than for comparable unassisted units; or
- C. may the amount of monthly rent assistance be more than the difference between the family's copayment and the fair market rent for the unit as determined by the United States Department of Housing and Urban Development.

4900.3376 FAMILY ELIGIBILITY.

Subpart 1. **Initial eligibility.** To be eligible for rent assistance initially, the caretaker parent must:

- A. be receiving public assistance;
- B. be participating in and complying with all requirements of a self-sufficiency program;
- C. not be receiving other rental assistance;
- D. have gross family income such that 30 percent of gross family income is less than the housing cost; and
- E. live in a rental unit that meets the federal Section 8 existing housing quality standards.

Subp. 2. **Continuing eligibility.** To be eligible for continued rent assistance upon successful completion of a program or during a period of discontinued participation in a program, a caretaker parent must:

- A. not be receiving other rental assistance;
- B. have gross family income such that 30 percent of gross family income is less than the housing cost; and
- C. live in a rental unit that meets the federal Section 8 existing housing quality standards.

Subp. 3. **Resumption of assistance.** If a caretaker parent discontinues participation in a program, the caretaker parent must, within six months, return to participation in the program, participate in a different program, or be employed at least half-time to continue receiving rent assistance.

4900.3377 SELECTION OF ELIGIBLE FAMILIES.

Subpart 1. **Notification.** The self-sufficiency program administrator must notify verbally and in writing all potentially eligible caretaker parents participating in its program of the availability of the rent assistance for family stabilization demonstration program.

Subp. 2. **Application.** The caretaker parent must submit a completed application and needed verifications to the self-sufficiency program administrator. Within 15 days of receiving a completed application and all needed verifications, the self-sufficiency program administrator must determine the family's eligibility for rent assistance.

Subp. 3. **Equal selection opportunity.** The self-sufficiency program administrator must select eligible families on an agency-approved basis that provides equal selection opportunity for qualified caretaker parent applicants.

Subp. 4. **Waiting list.** If available funds are insufficient to serve all eligible families, the self-sufficiency program administrator must establish a waiting list to determine which families are assisted when funds become available.

Subp. 5. **Change in income.** The self-sufficiency program administrator must inform caretaker parents receiving rent assistance of their responsibility to inform the local housing organization of increases or decreases in family income, allowances, and composition when they occur.

4900.3378 TERMINATION OF ASSISTANCE.

Assistance must be terminated under any of the following conditions:

- A. the family is evicted from the property for cause;
- B. the caretaker parent has discontinued participation in a program and, after six months, is not participating in a program or employed at least half-time;
- C. 30 percent of the family's gross income equals or exceeds the amount of the housing cost for two or more consecutive months;

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D. the family has received assistance under part 4900.3370 to 4900.3380 for a 36-month period; or

E. the rental unit no longer meets federal Section 8 existing housing quality standards, the owner refuses to make necessary repairs or alterations to bring the rental unit into compliance within a reasonable time, and the caretaker parent refuses to relocate to a qualifying rental unit.

4900.3379 DISCONTINUED PARTICIPATION IN A PROGRAM; PRETERMINATION NOTICE.

If a self-sufficiency program administrator determines that a caretaker parent has discontinued participation in a self-sufficiency program, the administrator must notify the caretaker parent of that determination. The notice must be in writing and must explain the effect nonparticipation in a self-sufficiency program will have on the rental assistance. The notice must:

A. state that the rental assistance will end six months after participation in a program was discontinued;

B. specify the date the rental assistance will end;

C. explain that after the date specified, the caretaker parent will be responsible for the total housing costs;

D. describe the actions the caretaker parent may take to avoid termination of the rental assistance; and

E. inform the caretaker parent of the caretaker parent's responsibility to notify the self-sufficiency program administrator if the caretaker parent begins participation in another self-sufficiency program or is employed at least half-time.

4900.3380 TERMINATION OF ASSISTANCE; NOTICE AND APPEAL RIGHTS.

Before terminating rental assistance, the local housing organization or the agency must send a notice to the caretaker parent no later than ten days before the termination specifying the reasons for the termination of rental assistance and the right to appeal the termination within ten days of the receipt of the notice. Appeals under this part shall be heard by the Department of Human Services, under Minnesota Statutes, section 256.045.

4900.3400 SCOPE.

Parts 4900.3400 to 4900.3404 govern the implementation of the special needs housing for adults with chronic chemical dependency program.

4900.3402 ELIGIBILITY.

To be eligible for selection as a recipient of a loan or grant under the program, the application must satisfy the requirements in items A to D.

A. The proposed residential housing must be exclusively for the use of low-income persons.

B. Grant funds may not be used for residential care facilities, for facilities that provide housing available for occupancy on less than a 24-hour continuous basis.

C. The housing for chronic chemically dependent adults must satisfy the following conditions:

(1) be certified by the Department of Health or the city as a board and lodging facility or single residence occupancy housing;

(2) meet all applicable health, building, fire safety, and zoning requirements;

(3) be located in an area significantly distant from the present location of county detoxification service sites;

(4) make available the services of trained personnel to appraise each client before or upon admission and to provide information about medical, job training, and chronic chemical dependency services as necessary;

(5) provide on-site security designed to assure the health and safety of clients, staff, and neighborhood residents; and

(6) operate with the guidance of a neighborhood-based board.

D. To the extent possible, an applicant shall combine the loan or grant with other funds obtained from public and private sources.

4900.3403 ELIGIBLE MORTGAGOR.

To be eligible for selection as a recipient of a loan or grant under the program, an applicant may be a for-profit, limited-dividend, or nonprofit entity.

4900.3404 SELECTION CRITERIA.

The agency shall take the following criteria into consideration when determining whether an application and applicant will be selected for a loan or grant under the program. Priority will be given to proposals that address the needs of the Native American population and veterans of military service:

- A. the prior experience of the applicant in development and managing similar residential housing;
- B. the extent to which loan or grant funds are combined with other funds from private or public sources to make the development economically feasible;
- C. the documented need for this type of residential housing in the proposed geographic area;
- D. the geographic area to be serviced, to the end that a reasonable distribution of low-income housing can be achieved;
- E. the extent to which the structure must provide a physical environment that is responsible to the needs of the population to be served; and
- F. the ability of the applicant to proceed expeditiously with the development.

4900.3410 SCOPE.

Parts 4900.3410 to 4900.3414 govern special needs housing for homeless persons loans or grants for the construction, acquisition, or rehabilitation of residential housing for occupancy by the following persons: low-income individuals and families having an immediate need for temporary or transitional housing; including low-income individuals living in single room occupancy housing; residential housing for migrant farmworkers; and homeless individuals and families.

4900.3411 DEFINITIONS.

Subpart 1. **Scope.** The terms used in parts 4900.3410 to 4900.3414 have the meanings given them in this part.

Subp. 2. **Agency.** "Agency" means the Housing Finance Agency.

Subp. 3. **Applicant.** "Applicant" means one or more entities that submit an application for a special needs housing for homeless persons loan or grant.

Subp. 4. **Application.** "Application" means a submittal requesting a special needs housing for homeless persons loan or grant to pay the cost of the construction, acquisition, or rehabilitation of residential housing for occupancy by the following persons: low-income individuals and families having an immediate need for temporary or transitional housing; low-income individuals living in single room occupancy housing; residential housing for migrant farmworkers; and homeless individuals and families.

Subp. 5. **Low-income and homeless individuals and families.** "Low-income and homeless individuals and families" means, with respect to homeless persons and persons living in single room occupancy housing, those individuals and families whose income does not exceed 30 percent of the metropolitan area median income for a family of four adjusted for families of five or more. With respect to those persons living in temporary or transitional housing, low-income individuals and families means those individuals and families whose incomes do not exceed 50 percent of the greater of the statewide or area median income adjusted for families of five or more.

Subp. 6. **Residential housing for migrant farmworkers.** "Residential housing for migrant farmworkers" means housing which contains cooking, sleeping, bathroom facilities, and hot and cold running water in the same structure.

Subp. 7. **Temporary or transitional housing.** "Temporary or transitional housing" means housing provided for a limited duration not exceeding 24 months and available for occupancy on a continuous 24-hour basis.

4900.3412 ELIGIBILITY.

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To be eligible for selection as a recipient of a loan or grant under the program, the application must satisfy the requirements in items A to E.

A. The proposed residential housing must be exclusively for the use of low-income families and individuals.

B. All occupants of permanent housing financed under this part must be offered a written lease that:

- (1) complies with Minnesota Statutes, section 325G.31;
- (2) offers the occupants the option to renew; and
- (3) prohibits eviction of an occupant without good cause.

C. The amount of the loan or grant requested must not exceed 50 percent of the total development cost of the proposed residential housing.

D. The application must include a comprehensive plan for the development and management of housing for low-income persons and document the ability of the applicant to develop and maintain that housing for a period of time specified by the agency. At a minimum, this plan must include:

- (1) documentation of a need for the type of housing in the proposed geographic area;
- (2) a description of the applicants' goals and objectives in meeting the area's need for the type of housing;
- (3) a detailed description of how the housing will be developed and managed, including:
 - (a) a description of the proposed site for the housing;
 - (b) preliminary architectural plans for the development;
 - (c) qualifications of the development and management staff; and
 - (d) a proposed tenant selection plan;
- (4) a detailed budget for the development of the proposed housing showing all development costs and the sources of funds to pay them;
- (5) a detailed budget for the operation of the housing showing all anticipated operating costs and the proposed rents and other income;
- (6) documentation of the experience and fiscal responsibility and capability of the applicant or fiscal agent of the applicant in developing similar housing; and
- (7) where the applicant is providing transitional housing, documentation of an ability to provide support services to assist persons in moving into independent or appropriate supportive living situations.

E. Loan or grant funds may not be used for residential care facilities, for facilities that provide housing available for occupancy on less than a 24-hour continuous basis, or for any residential housing that requires occupants to accept board as well as lodging.

4900.3413 ELIGIBLE MORTGAGOR.

To be eligible for selection as a recipient of a loan or grant under the program, an applicant must be an eligible mortgagor as defined in Minnesota Statutes, section 462A.03, subdivision 13.

4900.3414 SELECTION CRITERIA.

In addition to priority being given to viable proposals with the total lowest cost per person served, the agency shall take the following criteria into consideration when determining whether an application and applicant will be selected for a loan or grant under the program:

- A. the prior experience of the applicant in development and managing similar residential agency;
- B. the extent to which grant funds are combined with other funds from private or public sources to make the development economically feasible;
- C. the ability of the applicant to proceed expeditiously with the development;
- D. the documented need for this type of residential housing in the proposed geographic area;
- E. the cost and quality of the proposed housing;
- F. the extent to which the amount of rent to be charged is less than 30 percent of the income of the low-income person leasing the housing unit;

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- G. the geographic area to be serviced, to the end that a reasonable distribution of low-income housing can be achieved;
- H. the extent of community support for this type of development;
- I. the extent to which proposals use donated, leased, abandoned, or empty dwellings owned by a public entity or property being sold by the Resolution Trust Corporation or the Department of Housing and Urban Development;
- J. the extent to which the applicant has consulted with advocates for the homeless, representatives from neighborhood groups, and representatives from labor organizations in preparing the proposal;
- K. if support services are to be provided in conjunction with housing, the availability of funds to pay the ongoing costs of those support services; and
- L. the extent to which the structure provides a physical environment that is responsive to the needs of the population to be served.

4900.3420 SCOPE.

Parts 4900.3420 to 4900.3424 allow the commissioner of the Housing Finance Agency to make planning and demonstration grants to eligible organizations to develop programs to provide homeownership opportunities, education and training, or services to homeless adults. The purpose of these programs is to promote individual stability and responsibility of homeless adults. The program must include a work experience and training component, job skills component, and life skills component.

4900.3421 DEFINITIONS.

Subpart 1. **Scope.** The terms used in parts 4900.3420 to 4900.3424 have the meanings given them in this part.

Subp. 2. **Agency.** "Agency" means the Minnesota Housing Finance Agency.

Subp. 3. **Applicant.** "Applicant" means one or more entities that submit an application for a training and housing program for a demonstration grant.

Subp. 4. **Application.** "Application" means a submittal requesting a demonstration grant to provide programs that develop homeownership opportunities, education and training, or services to homeless adults.

Subp. 5. **Demonstration grant.** "Demonstration grant" means a homeless adults demonstration grant.

Subp. 6. **Homeless individual.** "Homeless individual" has the meaning given in United States Code, title 42, section 11302.

Subp. 7. **Eligible organization.** "Eligible organization" means a nonprofit organization run by or for homeless persons.

Subp. 8. **Rehabilitation.** "Rehabilitation" means the repair, construction, or improvement of existing residential housing with the objective of making the housing decent, safe, sanitary, and more desirable to live in, of greater market value, or to conform with state, county, or city health, housing, building, fire prevention, and housing maintenance codes and other public standards applicable to housing.

4900.3422 ELIGIBILITY.

To be eligible for selection as a recipient of a demonstration grant under the program, the application must satisfy the requirements in items A to C.

A. The proposed residential housing must be exclusively for the use of homeless individuals.

B. The program must promote individual stability and responsibility of homeless adults through training for jobs that pay a living wage, job placement, life skills development, and access to community support services including health services, counseling, and drug rehabilitation.

C. The program must include all of the components in subitems (1) to (3).

(1) A work experience and training component which provides vocational skill training in an industry where there are potential opportunities for jobs that pay a living wage. A monetary compensation may be provided to program participants. The compensation must be provided to participants who are recipients of public assistance in a manner or amount which will not reduce public assistance benefits. The work experience component must be designed so that work projects result in the expansion of residential units for homeless persons and very

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low-income individuals and families. The work experience component must include work projects that provide residential units through construction or rehabilitation for the homeless and families with income that does not exceed 50 percent of the median income for the metropolitan area. The program design must include an examination of how program participants may achieve certification as a part of the work experience and training component by entering licensing, apprenticeship, or other educational programs.

(2) A job skills component which provides program participants with job search skills, placement assistance, and other job readiness skills to ensure that participants will be able to compete in the employment market.

(3) A life skills component which includes mentoring to develop homeownership skills, and offer or coordinate participation in parenting and citizenship classes and leadership development to encourage community involvement and responsibility.

4900.3423 ELIGIBLE APPLICANT.

To be eligible for selection as a recipient of a planning and demonstration grant under the program the applicant must be a nonprofit organization that is run by or for homeless persons.

4900.3424 SELECTION CRITERIA.

The agency shall take the following criteria into consideration when determining whether an application and applicant will be selected for a grant under the program:

- A. the organization's prior experience in operating or developing programs successfully;
- B. the geographic area to be serviced to the end that a reasonable distribution of funds is received;
- C. the extent to which grant funds are matched with nonstate money; and
- D. the extent to which the program promotes individual stability.