

CHAPTER 4900
MINNESOTA HOUSING FINANCE AGENCY
HOUSING LOANS AND GRANTS

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4900.0010 DEFINITIONS.

[For text of subps 1 to 22, see M.R.]

Subp. 23. Persons and families of low and moderate income. "Persons and families of low and moderate income" means:

[For text of items A to C, see M.R.]

D. With respect to home improvement grants and rehabilitation loans pursuant to parts 4900.0610 to 4900.0700 and accessibility loans pursuant to parts 4900.0750 to 4900.0780 to be made by the agency, those persons and families whose assets do not exceed \$25,000, and

(1) with respect to home improvement grants and rehabilitation loans defined in part 4900.0610 as deferred loans, those persons and families whose adjusted income does not exceed \$8,500; or

(2) with respect to rehabilitation loans defined in part 4900.0610 as revolving loans and accessibility loans defined in part 4900.0770 as deferred loans, those persons and families:

(a) in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington whose adjusted income does not exceed \$15,000; and

(b) in all other counties whose adjusted income does not exceed \$12,000.

E. With respect to home improvement loans and accessibility improvement assistance, pursuant to parts 4900.0510 and 4900.0710, respectively, those persons and families whose gross income does not exceed the limits established by the agency pursuant to part 4900.0070 in conformity with the requirements of the United States Department of the Treasury or other agency of the federal government for federally subsidized mortgages for low- and moderate-income families.

[For text of items F to H, see M.R.]

Statutory Authority: *MS s 462A.06*

History: *16 SR 542*

4900.0770 DISTRIBUTION OF ACCESSIBILITY DEFERRED LOANS.

Subpart 1. **Availability.** Accessibility funds shall be provided in the form of deferred loans. A household will be eligible for a loan representing the total of approved expenses, or the maximum assistance available, whichever is less.

Subp. 2. **Combined with other aid.** When an accessibility deferred loan is combined with assistance from other agency loan or grant programs, the requirements of those programs shall be met.

Subp. 3. **Limit on aid.** In no case shall the accessibility deferred loan for accessibility improvements, technical assistance, and related repairs inclusively exceed \$10,000 for a single structure.

Subp. 4. **Five-year limitation.** No property shall be eligible for an accessibility deferred loan if it has been improved through such assistance within the five-year period next preceding the date on which the application for such assistance is made, except in extraordinary circumstances relating to damage to the property as a result of events beyond the control of the recipient, or a significant change in the handicapped person's physical condition which requires additional accessibility improvements to enable the handicapped person to function in the property.

Statutory Authority: *MS s 462A.06*

History: *16 SR 542*

SINGLE-FAMILY MORTGAGE REVENUE BONDS**4900.3200 SCOPE.**

Parts 4900.3200 to 4900.3290 govern the allocation from the housing pool for single-family housing programs submitted by cities to the agency as authorized by Minnesota Statutes, section 474A.061, subdivision 2a.

Statutory Authority: *MS s 462A.06*

History: *15 SR 2043*

4900.3210 DEFINITIONS.

Subpart 1. **Scope.** For the purposes of parts 4900.3200 to 4900.3290 the following terms have the meanings given them.

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

Subp. 3. **Applicant.** "Applicant" means a city applying for mortgage revenue bond authority under parts 4900.3200 to 4900.3290.

Subp. 4. **Application.** "Application" means a submittal requesting mortgage revenue bond authority according to parts 4900.3200 to 4900.3290 as described in part 4900.3230.

Subp. 5. **City.** "City" means a city as defined in Minnesota Statutes, section 462C.02, subdivision 6.

Subp. 6. **Existing housing.** "Existing housing" means single-family housing that either has been previously occupied before the first day of the origination period or has been available for occupancy for at least 12 months but has not been previously occupied.

Subp. 7. **Housing pool.** "Housing pool" means the amount of the annual volume cap allocated under Minnesota Statutes, section 474A.061, which is available for the issuance of residential rental project bonds or mortgage bonds.

Subp. 8. **Metropolitan area.** "Metropolitan area" means the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2.

Subp. 9. **Mortgage revenue bonds.** "Mortgage revenue bonds" means tax exempt bonds issued by public entities payable from revenues derived from repayment of principal and interest on mortgage loans that were financed from the proceeds of the bonds.

Subp. 10. **New construction, newly constructed housing, or new housing.** "New construction," "newly constructed housing," or "new housing" means single-family housing that has not been previously occupied.

Subp. 11. **Origination period.** "Origination period" means the period that loans financed with the proceeds of mortgage revenue bonds are available for the purchase of single-family housing. The origination period begins when financing actually becomes available to the borrowers for loans.

Subp. 12. **Program.** "Program" means program under part 4900.3220, subparts 1 to 7.

Subp. 13. **Recycling.** "Recycling" means the use of money generated from the repayment and prepayment of loans for further eligible loans or for the redemption of bonds and the issuance of current refunding bonds.

Subp. 14. **Redevelopment area.** "Redevelopment area" means a compact and contiguous area within which the city finds by resolution that 70 percent of the parcels in the area are occupied buildings, streets, utilities, or other improvements and more than 25 percent of the buildings, not including out buildings, are structurally substandard to a degree requiring substantial renovation or clearance.

Subp. 15. **Single-family housing.** "Single-family housing" means one to four family dwelling units eligible to be financed from the proceeds of mortgage revenue bonds under federal law.

Subp. 16. **Structurally substandard.** "Structurally substandard" means containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light, ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors. The defects or deficiencies must be of sufficient total significance to justify substantial renovation or clearance.

Statutory Authority: *MS s 462A.06*

History: *15 SR 2043; 16 SR 1913*

4900.3220 ELIGIBLE PROGRAMS.

Subpart 1. **General program eligibility.** All applications for single-family housing programs under Minnesota Statutes, section 474A.061, subdivision 2a, must be made by a city and must meet the requirements of this part.

Subp. 2. **Borrower income limits.** The adjusted income of borrowers receiving mortgage loans under eligible programs may not exceed the agency's income limits as determined under applicable administrative rule except as provided in this subpart. For purposes of this subpart, adjusted income is as defined in part 4900.0010, subpart 3.

In the metropolitan area, adjusted incomes of borrowers receiving mortgage loans under eligible programs may not exceed the greater of the agency's income limits or 80 percent of the area median income as published by the United States Department of Housing and Urban Development from time to time.

If the agency's income limits are lowered during the origination period, cities may use the income limits in effect at the time the bonds were issued for the duration of the origination period. If the agency's income limits are raised during the origination period, cities may use the higher income limits for the duration of the origination period.

Subp. 3. **House price limits.** House price limits for homes that are security for mortgages under eligible programs may not exceed:

A. the greater of agency house price limits or the median house purchase price in the city for which the bonds are to be sold up to a maximum of 80 percent of the safe harbor limits for existing housing provided under section 143(e) of the Internal Revenue Code of 1986, as amended through December 31, 1990; or

B. for a new construction affordability initiative as described in subpart 4, item D, the greater of 115 percent of the agency house price limits or 90 percent of the median house purchase price in the city for which the bonds are to be sold up to a maximum of 80 percent of the safe harbor limitation for existing housing provided under section 143(e) of the Internal Revenue Code of 1986 as amended through December 31, 1990.

House price limits may exceed the agency house price limits only if a subsidy is used to reduce the effective purchase price of the property to the above levels.

If the agency's house price limits are lowered during the origination period, cities may use the house price limits in effect at the time the bonds were issued for the duration of the origination period. If the agency's house price limits are raised during the origination period, cities may use the higher house price limits for the duration of the origination period.

Cities requesting house price limits higher than the agency's house price limits must include data establishing the median purchase price in the city in the application. The data may be provided in the form of an independent study conducted by the city which reflects at least six months of real estate activity pertaining to closed house sales within the city during the previous 12-month period. Data may be accumulated from multiple listing services, appraisers or real estate agents, filings pertaining to closed real estate sales, records from the county auditor pertaining to real estate sales, or other sources that are demonstrated to provide accurate data pertaining to city real estate activity.

Subp. 4. Limits on new construction in metropolitan area. During the first ten months of an origination period, the agency or cities may not make mortgage loans for the purchase of newly constructed housing in the metropolitan area unless one of the following conditions is met:

A. The newly constructed housing is located in a redevelopment area.

B. The new housing is replacing a structurally substandard structure or structures.

C. The new housing is located on a parcel purchased by the city or conveyed to the city under Minnesota Statutes, section 282.01, subdivision 1.

D. The new housing is part of a housing affordability initiative, other than those financed with the proceeds from the sale of mortgage revenue bonds, in which federal, state, or local assistance is used to substantially improve the terms of financing or to substantially write down the purchase price of the new housing. A housing affordability initiative must meet one or more of the following criteria:

(1) The new construction program is accepted or designated under The United States Department of Housing and Urban Development (HUD) Affordable Housing Program or any successor program sponsored by HUD to encourage affordable, newly constructed housing.

(2) The program provides that financial resources other than those necessary to complete the mortgage revenue bond sale are applied to reduce the cost of the housing or improve the terms of the mortgage loans provided through the sale. A contribution greater than or equal to five percent of the purchase price of each newly constructed home to be financed with mortgage revenue bond proceeds must be provided to meet this criterion. The contributions may be provided either in whole or in part from federal, state, or local government resources or programs, private foundations, or the Federal Housing Finance Board.

(3) The program provides that the applicable local government authority in the jurisdiction in which the houses are to be constructed takes affirmative steps to relax regulation to result in greater housing affordability. The steps must demonstrably reduce the cost of the housing by at least five percent.

(4) The program supports the efforts of housing groups that support self-help or owner built housing initiatives in which at least 15 percent of the

labor or materials or both needed to complete the construction of each house is acquired or donated through the efforts of such groups.

(5) The program provides that the housing is constructed by a non-profit entity as defined in part 4900.0010, subpart 21, that has a primary purpose the provision or development of affordable housing to low and moderate income homebuyers.

Subp. 5. Limits on new construction outside metropolitan area. During the first ten months of an origination period, the agency or cities may make mortgage loans for the purchase of existing housing or newly constructed housing in areas outside the metropolitan area. A city must include in its application a description, if applicable, of the steps it will initiate in nonmetropolitan areas to encourage loans for existing housing as opposed to new housing. The steps may include, but are not limited to, the conditions in subpart 4.

Subp. 6. Builder set-aside limits. The agency or cities may not make available, provide set-asides, or commit to make available proceeds of mortgage revenue bonds for the exclusive use of builders or developers for loans to eligible purchasers of new housing except as provided in subparts 4 and 5.

Subp. 7. Other property requirements. The agency or cities may make mortgage loans to finance the purchase of existing housing both in and outside the metropolitan area immediately upon commencement of the origination period. After the first ten months of the origination period, the agency or cities may make mortgage loans to finance the purchase of existing homes and new construction without regard to the restrictions contained in subparts 4 and 5.

Subp. 8. Reporting. The agency and any city that provides funds for new housing financed with the proceeds of mortgage revenue bonds shall report to the chairs of the appropriate housing related standing committees or divisions of the state senate and house of representatives by January 1 of each year detailing new housing activity financed with the proceeds of mortgage revenue bonds, including a description of affordable housing initiatives, the number of loans, the average purchase price of homes financed, and steps taken to encourage loan activity as required in subpart 5.

Statutory Authority: *MS s 462A.06*

History: *15 SR 2043; 16 SR 1913*

4900.3230 APPLICATION FOR MORTGAGE REVENUE BOND AUTHORITY.

Subpart 1. General. Cities may apply to the agency for mortgage revenue bond authority from the housing pool as provided in subparts 2 and 3, except that no city in an entitlement county may apply for or be allocated authority to issue bonds from the housing pool. Upon application and selection for mortgage revenue bond authority, cities may elect to either issue mortgage revenue bonds for eligible programs on their own behalf or through joint powers agreements, or have the agency issue bonds on their behalf.

Subp. 2. Application period. In the event that bonding authority is available in the housing pool on the dates prescribed, cities may submit applications to the agency for single-family mortgage revenue bond authority for eligible programs after April 1 through April 15, and after July 1 through July 15, of each year.

Subp. 3. Application requirements. Cities that wish to apply for single-family mortgage revenue bond authority may do so by providing the information described in this subpart. The agency may develop a form and format by which the information may be provided, but also will accept submittals from cities that do not meet the agency developed form and format and meet the requirements of this subpart.

A. The city may submit a housing plan as described in Minnesota Statutes, section 462C.03, subdivisions 1 and 1a, or may submit an application on

a form developed by the agency which describes the program and demonstrates that the program meets a locally identified housing need and is economically viable.

B. The city must provide information which clearly establishes that the program to be funded with mortgage revenue bonds meets the requirements of part 4900.3220, subparts 2 to 7.

C. The city must request a specific allocation from the housing pool which may not exceed the lesser of \$4,000,000 or 20 percent of the total amount available for allocation on the first Tuesday after the first Monday in April. The minimum allocation that may be requested shall be \$250,000.

D. The city must describe, if applicable, the steps it will initiate in non-metropolitan areas to encourage loans for existing housing before new housing under the conditions in part 4900.3220, subpart 5.

E. The city must submit an application deposit by check payable to the Department of Finance equal to one percent of the requested allocation from the housing pool.

Statutory Authority: *MS s 462A.06*

History: *15 SR 2043; 16 SR 1913*

4900.3250 APPLICANT SELECTION.

Subpart 1. Negotiations of allocation. Within a reasonable period after the application periods specified in part 4900.3230, subpart 2, but in no circumstances later than 30 days after the end of an application period, the agency shall convene a meeting to allocate the available funds from the housing pool. Before the meeting, applicants shall designate their representatives to the meeting in writing to the agency. At the meeting, the agency and a representative for each applicant shall negotiate the terms of an agreement regarding the available bonding authority among the applicants. The agreement must allot available bonding authority among the applicants. At the meeting, the agency and a representative for each applicant may discuss matters pertaining to the terms under which the agency would issue bonds on behalf of cities.

Subp. 2. Notification to finance commissioner. Upon the establishment of an agreement with cities, the agency shall forward to the commissioner of finance the amounts allotted to each applicant under the agreement. The agency shall also forward the application fee. The agreement must specify the amount allotted to each applicant. A copy of the agreement forwarded to the commissioner of finance shall be sent to each applicant.

Subp. 3. Designation of issuance. Upon the establishment of the agreement in subpart 1, the city must designate within 15 days of the date of the agreement whether it plans to issue mortgage revenue bonds on its own behalf or through a joint powers agreement, or whether it plans to ask the agency to issue mortgage revenue bonds on its behalf. If the city does not choose to have the agency issue bonds on its behalf, it shall proceed according to part 4900.3290. If the city plans to have the agency issue bonds on its behalf, it shall proceed according to part 4900.3270.

Statutory Authority: *MS s 462A.06*

History: *15 SR 2043; 16 SR 1913*

4900.3270 AGENCY ISSUANCE ON BEHALF OF CITIES.

Subpart 1. Agency bond issuance. The agency may issue bonds on behalf of participating cities pursuant to part 4900.3250, subpart 3. The agency shall request an allocation from the commissioner of finance for all cities who choose to have the agency issue bonds on their behalf and the commissioner shall allocate the requested amount to the agency. The agency may request an allocation at any time after the first Monday in April and through the last Monday in July, but may request an allocation no later than the last Monday in July.

Subp. 2. **Program administration.** The agency may develop agreements which govern administrative procedures pertaining to programs funded with mortgage revenue bonds sold on behalf of cities. The agreements may govern matters including, but not limited to, local lender participation, mortgage servicing and servicers, mortgage processing and underwriting, and the period of time that funds may remain exclusively available to participating cities. In developing the agreements, the agency shall attempt to facilitate city programs while prudently addressing agency credit risk.

Subp. 3. **Homeownership assistance fund.** The agency may make the homeownership assistance fund as described in parts 4900.1300 to 4900.1390 available to cities participating under this part.

Subp. 4. **Application deposit refund.** Any application deposits returned to the agency pursuant to Minnesota Statutes, section 474A.061, subdivision 4, or 474A.131, subdivision 1, shall be forwarded by the agency to the appropriate city.

Statutory Authority: *MS s 462A.06*

History: *15 SR 2043; 16 SR 1913*

4900.3290 CITY ISSUANCE ON ITS OWN BEHALF.

Subpart 1. **City bond issuance.** A city may choose to issue bonds on its own behalf or through a joint powers agreement and may request an allocation from the commissioner of finance. If the total amount requested by all applicants exceeds the amount available in the housing pool, the city may not receive a greater amount than it would have received under the agreement forwarded by the agency to the commissioner. No city may request or receive an allocation under this subpart until the agreement under part 4900.3250, subpart 1, has been forwarded to the commissioner. On or after the first Monday in April and through the last Monday in July, no city may receive an allocation from the housing pool which has not first applied to the agency. The commissioner of finance shall allocate the requested amount to the city or cities subject to the limits under this subpart.

Subp. 2. **Recycling.** If a city issues mortgage revenue bonds from an allocation under this part, the issuer must provide for the recycling of funds into new loans. If the issuer is not able to provide for recycling, the issuer must notify the commissioner of finance in writing of the reason that recycling was not possible and the reason the issuer elected not to have the agency issue the bonds.

Statutory Authority: *MS s 462A.06*

History: *15 SR 2043; 16 SR 1913*

NEW HOUSING MORTGAGE REVENUE BONDS

4900.3300 SCOPE.

Parts 4900.3300 to 4900.3360 govern the financing of new housing under the agency's mortgage revenue bond programs to finance the purchase of single-family housing.

Statutory Authority: *MS s 462A.06*

History: *15 SR 2043*

4900.3310 DEFINITIONS.

Subpart 1. **Scope.** For the purposes of parts 4900.3300 to 4900.3360, the following terms have the meanings given them.

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

Subp. 3. **City.** "City" means a city as defined in Minnesota Statutes, section 462C.02, subdivision 6.

Subp. 4. **Existing housing.** "Existing housing" means single-family housing that either has been previously occupied before the first day of the origination

period or has been available for occupancy for at least 12 months but has not been previously occupied.

Subp. 5. **Metropolitan area.** "Metropolitan area" means the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2.

Subp. 6. **Mortgage revenue bonds.** "Mortgage revenue bonds" means tax exempt bonds issued by public entities payable from revenues derived from repayment of principal and interest on mortgage loans that were financed from the proceeds of the bonds.

Subp. 7. **New housing.** "New housing" means single-family housing that has not been previously occupied.

Subp. 8. **Origination period.** "Origination period" means the period that loans financed with the proceeds of mortgage revenue bonds are available for the purchase of single-family housing. The origination period begins when financing actually becomes available to the borrowers for loans.

Subp. 9. **Program.** "Program" means a program under parts 4900.3320 to 4900.3360.

Subp. 10. **Redevelopment area.** "Redevelopment area" means a compact and contiguous area within which the city finds by resolution that 70 percent of the parcels in the area are occupied buildings, streets, utilities, or other improvements and more than 25 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance.

Subp. 11. **Single-family housing.** "Single-family housing" means one to four family dwelling units eligible to be financed from the proceeds of mortgage revenue bonds under federal law.

Subp. 12. **Structurally substandard.** "Structurally substandard" means containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light, ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors. The defects or deficiencies must be of sufficient total significance to justify substantial renovation or clearance.

Statutory Authority: *MS s 462A.06*

History: *15 SR 2043; 16 SR 1913*

4900.3320 LIMITATIONS ON NEW CONSTRUCTION; METROPOLITAN AREA.

During the first ten months of an origination period, the agency may not make mortgage loans for the purchase of new housing in the metropolitan area unless one of the conditions in items A to D is met.

A. The new housing is located in a redevelopment area.

B. The new housing is replacing a structurally substandard structure or structures.

C. The new housing is located on a parcel purchased by a city or conveyed to a city under Minnesota Statutes, section 282.01, subdivision 1.

D. The new housing is part of a housing affordability initiative, other than those financed with the proceeds from the sale of mortgage revenue bonds, in which federal, state, or local assistance is used to substantially improve the terms of financing or to substantially write down the purchase price of the new housing. A housing affordability initiative must meet one or more of the criteria in subitems (1) to (5).

(1) The program is accepted or designated under the United States Department of Housing and Urban Development (HUD) Affordable Housing Program or any successor program sponsored by HUD to encourage affordable new housing.

(2) The program provides that financial resources other than those necessary to complete the mortgage revenue bond sale are applied to reduce the cost of the housing or improve the terms of the mortgage loans provided through the sale. A contribution greater than or equal to five percent of the purchase price of each newly constructed home to be financed with mortgage revenue bond proceeds must be provided to meet this criterion. The contribution may be provided either in whole or in part from federal, state, or local government resources or programs, private foundations, or the Federal Housing Finance Board.

(3) The program provides that the applicable local government authority in the jurisdiction in which the new housing is to be constructed takes affirmative steps to relax regulation to result in greater housing affordability. The steps must demonstrably reduce the cost of the housing by at least five percent.

(4) The program supports the efforts of housing groups that support self-help or owner built housing initiatives in which at least 15 percent of the labor or materials or both needed to complete the new housing is acquired or donated through the efforts of such groups.

(5) The program provides that the new housing is constructed by a nonprofit entity as defined in part 4900.0010, subpart 21, that has as a primary purpose the provision or development of affordable housing to low- and moderate-income homebuyers.

Statutory Authority: *MS s 462A.06*

History: *15 SR 2043; 16 SR 1913*

4900.3330 LIMITATIONS ON NEW CONSTRUCTION; OUTSIDE METROPOLITAN AREA.

During the first ten months of an origination period, the agency may make mortgage loans for the purchase of existing housing or new housing in areas outside the metropolitan area. If mortgage loans are provided for new housing outside the metropolitan area during the first ten months of an origination period, the agency must determine that a need for new housing exists either in the entire area or in specific counties, cities, or other geographic areas by reviewing pertinent data including, but not limited to, economic development and employment growth trends, housing starts, and mortgage activity and interest rates. If mortgage loans for new housing are to be provided, the house price limits for the housing may not be more than \$10,000 higher than the house price limits for existing housing regardless of the variance that may be allowed in federal law pertaining to mortgage revenue bonds. The agency may also provide mortgage loans for new housing outside the metropolitan area under the conditions in part 4900.3320 without regard to the preceding conditions in this part.

Statutory Authority: *MS s 462A.06*

History: *15 SR 2043*

4900.3340 BUILDER SET-ASIDE LIMITATIONS.

The agency may not make available, provide set-asides, or commit to make available proceeds of mortgage revenue bonds for the exclusive use of builders or developers for loans to eligible purchasers of new housing except as provided in parts 4900.3320 and 4900.3330.

Statutory Authority: *MS s 462A.06*

History: *15 SR 2043*

4900.3350 OTHER PROPERTY REQUIREMENTS.

The agency may make mortgage loans to finance the purchase of existing housing either inside or outside the metropolitan area immediately upon commencement of the origination period. After the first ten months of the origination period, the agency may make mortgage loans to finance the purchase of existing

homes and new homes without regard to the restrictions contained in parts 4900.3320 and 4900.3330.

Statutory Authority: *MS s 462A.06*

History: *15 SR 2043*

4900.3360 REPORTING.

The agency shall report to the chairs of the appropriate housing-related standing committees or divisions of the state senate and house of representatives by January 1 of each year detailing new housing activity financed with the proceeds of mortgage revenue bonds, including a description of affordable housing initiatives, the number of loans, the average purchase price of homes financed, and steps taken to encourage loan activity as required in parts 4900.3320 and 4900.3330.

Statutory Authority: *MS s 462A.06*

History: *15 SR 2043*

RENT ASSISTANCE FOR FAMILY STABILIZATION DEMONSTRATION PROGRAM

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.

Statutory Authority: *MS s 462A.06*

History: *16 SR 1446*

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 aid to families with dependent children program in Minnesota Statutes, sections 256.72 to 256.87.

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 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 agency. "Local housing agency" 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.

Subp. 10. Public assistance. "Public assistance" means aid to families with dependent children as defined in Minnesota Statutes, sections 256.72 to 256.87, 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.

Statutory Authority: *MS s 462A.06*

History: *16 SR 1446*

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 agency 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 agency 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 agency, and the agency 60 days before termination of the housing assistance.

Subp. 3. Responsibilities of local housing agency. The local housing agency 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 agency and a self-sufficiency program administrator must submit an application jointly to the agency for the rent assistance for family 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 agency that administers the federal section 8 housing certificate and voucher program for the area.

Statutory Authority: *MS s 462A.06*

History: *16 SR 1446*

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 agency may administer the monthly rent assistance. The responsibilities of self-sufficiency program administrators and either a local housing agency 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.

Statutory Authority: *MS s 462A.06*

History: *16 SR 1446*

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.

Statutory Authority: *MS s 462A.06*

History: *16 SR 1446*

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 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.

Statutory Authority: *MS s 462A.06*

History: *16 SR 1446*

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.

Statutory Authority: *MS s 462A.06*

History: *16 SR 1446*

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 agency of increases or decreases in family income, allowances, and composition when they occur.

Statutory Authority: *MS s 462A.06*

History: *16 SR 1446*

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;
- 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.

Statutory Authority: *MS s 462A.06*

History: *16 SR 1446*

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.

Statutory Authority: *MS s 462A.06*

History: *16 SR 1446*

4900.3380 TERMINATION OF ASSISTANCE; NOTICE AND APPEAL RIGHTS.

Before terminating rental assistance, the local housing agency 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.

Statutory Authority: *MS s 462A.06*

History: *16 SR 1446*