

**CHAPTER 4900**  
**MINNESOTA HOUSING FINANCE AGENCY**  
**HOUSING LOANS AND GRANTS**

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**4900.0010 DEFINITIONS.**

*[For text of subs 1 to 22, see MR ]*

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 MR.]*

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 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 whose adjusted incomes do not exceed the limit stated in part 4900 0630, subpart 3

*[For text of items E and F, see MR ]*

*[For text of subs 24 and 25, see MR ]*

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

**4900.0030** [Repealed, 29 SR 1479]

**4900.0040** [Repealed, 29 SR 1479]

**4900.0630 ELIGIBLE RECIPIENTS OF REHABILITATION GRANTS AND LOANS.**

*[For text of subs 1 and 2, see MR ]*

Subp 3 **Person of low and moderate income.** Each recipient must be a person or family of low or moderate income. “Low or moderate income” is defined as income not to exceed 30 percent of median income adjusted for household size for the Minneapolis-St Paul Metropolitan Statistical Area as determined by the United States Department of Housing and Urban Development.

*[For text of subs 4 to 7, see MR ]*

**Statutory Authority:** *MS s 462A.06*

**History:** *29 SR 1479*

**4900.1929 ELIGIBLE USES OF LOAN FUNDS.**

All expenses must be reimbursable under the sources of financing proposed for the project. The following are eligible uses of loan funds:

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

E. earnest money or option deposits on land and buildings,

F. other activities necessary to finance, design, or plan a specific housing project for low- and moderate-income residents prior to the construction or rehabilitation of the project;

G. development costs including acquiring land or buildings; and

H. other activities permitted by statute.

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

**4900.2400 SCOPE.**

Parts 4900.2400 to 4900.2620 govern the implementation of the urban and rural homesteading program under Minnesota Statutes, section 462A.057.

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

**4900.2420 DEFINITIONS.**

Subpart 1. **Scope.** The terms used in parts 4900.2400 to 4900.2620 have the meanings given them in this part.

*[For text of subs 2 to 5, see M.R.]*

Subp. 6 **Designated area.** "Designated area" means a specific area where the acquisition and rehabilitation, or acquisition, demolition and construction, and sale of eligible properties may take place under the program.

*[For text of subp 7, see M.R.]*

Subp. 8 **Eligible property.** "Eligible property" means a single-family residential property, located within a designated area, that is vacant, condemned, abandoned, or identified as desirable for purchase and rehabilitation or for purchase, demolition, and construction by the eligible organization for appropriate reasons cited by the eligible organization which, if rehabilitated or demolished and constructed, may prevent or arrest the spread of blight.

*[For text of subp 9, see M.R.]*

Subp. 9a. **Gross income.** "Gross income" means total income received by all household members from all sources.

Subp. 10 **Initial acquisition cost.** "Initial acquisition cost" means the actual costs incurred in acquiring and rehabilitating an eligible property or acquiring and demolishing an eligible property and constructing a new single-family residence under the program and includes back taxes, closing costs, and appropriate developer fees.

Subp. 11 **Local neighborhood advisory board or advisory board.** "Local neighborhood advisory board" or "advisory board" means a volunteer board established by the eligible organization in accordance with parts 4900.2400 to 4900.2620.

Subp. 12. **Program.** "Program" means the urban and rural homesteading program administered under parts 4900.2400 to 4900.2620.

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

**4900.2440 URBAN AND RURAL HOMESTEADING PROGRAM.**

Subpart 1. **Purpose of program.** The urban and rural homesteading program provides grants to eligible organizations to acquire and rehabilitate existing single-family residences, or to acquire and demolish eligible properties and construct new

single-family residences, and sell them through contracts for deed to eligible homebuyers who are considered to be at risk and are willing to strengthen the neighborhood by adhering to a good neighbor policy reference

Subp. 2 **Uses of grant money.** The grants must be used by eligible organizations to buy eligible properties and pay for the cost of acquiring and rehabilitating those properties, or acquiring and demolishing those properties and constructing new single-family homes. The agency may establish an allocation plan for the program to provide for the greater likelihood of awarding such grants among urban and rural properties. The agency may establish a priority that new construction is only permitted on a case-by-case review, as described in part 4900.2520, subpart 4. The agency may also establish requirements pertaining to maximum allowable administrative costs under the program, but in no instance may the administrative costs exceed ten percent of the amount awarded per eligible organization from funds appropriated for the program during the period of acquisition, rehabilitation, or as permitted, demolition and construction, and sale.

**Statutory Authority:** *MS s 462A.06*

**History:** *29 SR 1479*

#### 4900.2460 APPLICATION BY ELIGIBLE ORGANIZATION.

*[For text of subpart 1, see MR.]*

Subp. 2 **Application.** The applicant must provide an application on a form prescribed by the agency that will document the entity's ability to develop and maintain the program as provided under parts 4900.2400 to 4900.2620. At a minimum, this application shall include:

*[For text of items A and B, see MR.]*

C. a detailed description of how the applicant proposes to develop and administer the program, including, but not limited to:

*[For text of subitems (1) to (3), see MR.]*

(4) the structure and specific duties of the local neighborhood advisory board as described in parts 4900.2400 to 4900.2620,

*[For text of subitems (5) to (8), see MR.]*

*[For text of item D, see MR.]*

**Statutory Authority:** *MS s 462A.06*

**History:** *29 SR 1479*

#### 4900.2480 SELECTION OF ELIGIBLE ORGANIZATION.

Subpart 1 **Criteria.** The agency shall take the following criteria into consideration when determining whether an applicant will receive a grant under the program

*[For text of items A and B, see MR.]*

C. The documented availability on reasonable terms and conditions of both eligible properties and resources through which the properties may be rehabilitated, or as permitted, demolished and constructed, within the designated area identified by the applicant in the application.

*[For text of item D, see MR.]*

E. The availability of outside sources of funds for either administrative costs or to provide for purchase, rehabilitation, or as permitted, purchase, demolition, and construction, and sale of properties under the program, or both

*[For text of items F and G, see MR.]*

*[For text of subp. 2, see MR.]*

**Statutory Authority:** *MS s 462A.06*

**History:** *29 SR 1479*

**4900.2520 ELIGIBLE PROPERTIES.**

Subpart 1. **General.** Eligible properties are to be acquired by the eligible organization for rehabilitation, or for demolition and construction, and sale to at-risk homebuyers with the input of the local neighborhood advisory board for the designated area. The eligible organization may initially acquire up to five properties in a designated area with funds appropriated for the program or may acquire more than five properties if funds other than appropriated funds are used. Mobile homes, townhomes in planned unit developments, and condominium units are not eligible under the program. Upon sale of the property, clear and marketable title subject to the contract for deed described in part 4900.2560 must be provided to the homebuyer.

*[For text of subp 2, see MR]*

Subp. 2a **New construction standards.** Newly constructed properties shall comply with the building code standards enforced in the jurisdiction where the property is located. As requested, administrators shall provide the agency with a description of the standards to be followed.

Subp 3 **Appraisal.** Eligible properties must be appraised after the completion of rehabilitation work or construction by an appraiser approved to conduct appraisal for the Federal Housing Administration, Veterans Administration, Federal National Mortgage Association, or Federal Home Loan Mortgage Corporation. The purchase price for the eligible or newly constructed property to be paid by the at-risk homebuyer must be less than or equal to 125 percent of the appraised value of the eligible property after rehabilitation or construction.

Subp 4 **Acquisition and rehabilitation or acquisition, demolition, and construction costs.** The total cost of the acquisition, rehabilitation, and closing costs must be no greater than an amount equal to 90 percent of the home sale price limitation established for the agency's home mortgage programs for limited unit developments. Acquisition, acquisition, demolition, and construction projects must comply with these limits; in addition, acquisition, demolition, and construction of a property is only permitted on a case-by-case basis where the demolition and construction is less expensive than acquisition and rehabilitation of the property would be. The maximum may be exceeded if the excess costs are attributed to rehabilitation or improvements to make the property handicap accessible.

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

**4900.2540 ELIGIBLE HOMEBUYERS.**

An individual or family eligible to purchase a home under the program must be an at-risk homebuyer as described in part 4900.2420, subpart 5, and must also.

*[For text of item A, see MR]*

B have gross household income before the date of execution of the contract for deed at or below limits established by the eligible organization, but in no instance may such income limits be established at a level higher than 80 percent of the greater of state or area median income as determined and adjusted from time to time by the United States Department of Housing and Urban Development,

*[For text of item C, see MR]*

D. agree to apply 25 percent of gross monthly household income to the debt incurred under the contract for deed, and

*[For text of item E, see MR]*

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

**4900.2560 CONTRACT FOR DEED.**

The agency shall establish the terms and conditions for the contract for deed to be used to convey the rehabilitated or newly constructed property from the eligible

organization to the at-risk homebuyer. The terms and conditions shall reflect state law pertaining to such documents, the requirements of Minnesota Statutes, section 462A 07, and parts 4900.2400 to 4900.2620 pertaining to the program, and specific requirements of the program as implemented by the eligible organization.

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

#### 4900.2580 REVOLVING FUND.

The eligible organization shall repay to the agency, without interest, all grant funds advanced to it under the agreement executed for the program to the extent and manner provided in the agreement. The agreement shall provide for establishment of a revolving fund into which all loan repayments, sales proceeds, or recaptured funds must be repaid. The revolving fund shall provide that repayment to the agency may be deferred if the eligible organization elects to acquire, rehabilitate, or as permitted, demolish and construct, and sell additional eligible properties under the program. The agency may also provide for payment of certain administrative and other costs from the revolving fund, and may establish other requirements pertaining to the revolving fund under the agreements with the eligible organization.

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

#### 4900.2620 FEDERAL REGULATION PRIORITY.

Grants in whole or in part may be made to eligible organizations using Home Investment Partnership Program (HOME) funds allocated to the agency by the United States Department of Housing and Urban Development. Should current or future HOME regulations conflict with parts 4900.2400 to 4900.2620 in implementing the program, federal requirements shall be followed.

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

#### 4900.3610 DEFINITIONS.

*[For text of subps 1 to 8, see MR.]*

Subp. 9 [Repealed, 29 SR 1479]

Subp. 10. [Repealed, 29 SR 1479]

*[For text of subps 11 to 21, see MR.]*

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

#### 4900.3648 SELECTION STANDARDS.

*[For text of subps 1 to 3, see MR.]*

Subp. 4. **Other considerations.** For proposals for housing for homeless or households at risk of becoming homeless persons, the agency shall consider whether the application is consistent with priorities stated in the applicable continuum of care plan.

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

#### 4900.3705 DEFINITIONS.

*[For text of subps 1 to 4, see MR.]*

Subp. 5. **Assisted unit.** "Assisted unit" means a unit of housing that complies with part 4900.3727 in a housing development for which the agency has made a loan or grant under the housing trust fund program.

*[For text of subps 6 to 8, see MR.]*

Subp. 8a. **Gross income.** "Gross income" means total annual household income received by members age 18 and older from all sources, including, but not limited to

wages, salaries, tips, interest, dividends, and self-employment, and subject to exclusions as approved by agency board members and available to applicants in writing.

Subp. 9 **Gross rent.** "Gross rent" means the sum of the rent paid to the owner or management agent, plus the utilities for which the tenant is responsible

Subp. 9a **Homeless.** "Homeless" means a household lacking a permanent place to live.

*[For text of subp 10, see MR ]*

Subp 10a **Households experiencing long-term homelessness.** "Households experiencing long-term homelessness" means persons, including individuals, unaccompanied youth, and families with children, lacking a permanent place to live continuously for one year or more or at least four times in the past three years. Any period of institutionalization or incarceration shall be excluded when determining the length of time a household has been homeless.

*[For text of subp 11, see MR ]*

Subp. 12. **Permanent rental housing.** "Permanent rental housing" means housing for which the term of tenancy may be extended indefinitely beyond the initial lease term and consists, at minimum, of a private room having sleeping accommodations.

Subp 13 **Permanent supportive housing.** "Permanent supportive housing" means permanent rental housing affordable to the population served where support services are available to residents. Permanent supportive housing is available to individuals and families with multiple barriers to obtaining and maintaining housing, including those who are formerly homeless or at risk of homelessness and those with mental illness, substance abuse disorders, HIV/AIDS, or a combination of these conditions

*[For text of subps 14 to 16, see M.R.]*

Subp 17 **Rental subsidy.** "Rental subsidy" means that portion of the gross rent paid to an owner or management agent on behalf of a tenant.

Subp 18 **Sponsor-based rental assistance.** "Sponsor-based rental assistance" means a rental subsidy provided for an individual household through a sponsor organization that owns or leases rental housing units in various locations and that has contracts with property owners or management agents to make the rental housing units available to eligible households

Subp. 19 **Super request for proposals (RFP) round.** "Super request for proposals (RFP) round" means the agency's multifamily request for proposals as authorized by the agency board members.

*[For text of subps 20 and 21, see MR ]*

Subp 22 **Utilities for which the tenant is responsible.** "Utilities for which the tenant is responsible" means one or more of the following utilities, as specifically provided for in the lease agreement between an owner or management agent and a tenant:

- A. water;
- B. sewer;
- C. gas; and
- D. electric

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

#### **4900.3710 ALLOCATION AND AVAILABILITY OF FUNDS.**

*[For text of subps 1 and 2, see MR ]*

Subp 3 **Availability of funds.** The agency shall accept applications for housing trust fund program funding in every super request for proposals round in which funding is available. The agency may set aside funds and accept applications for housing trust fund program funding outside the super request for proposals rounds under the following circumstances:

*[For text of item A, see MR ]*

B unanticipated events such as natural disasters;

C. changes in nonagency resources that are available to meet the need for housing trust fund program activities,

D. to fund applications requiring immediate repairs, or where committed financing or unique housing opportunities would be lost if consideration were delayed, and

E to modify existing awards and contracts of previously selected proposals according to policies established by agency board members, and in a manner not detrimental to a project's financing.

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

#### 4900.3720 CAPITAL FUNDING.

The agency shall provide construction and permanent financing for rental housing from the housing trust fund program in the form of a deferred loan. The agency shall provide housing trust fund program funds in the form of a grant if

A. the applicant provides documentation confirming that another funding source requires the agency's funds to be provided in the form of a grant; and

B. the other funding source is providing a greater amount of funding than the agency is providing

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

#### 4900.3726 ELIGIBLE APPLICATIONS.

The applicant shall provide an application in the form prescribed by the agency. The application for capital funding must include:

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

I specific documentation, as requested by the agency, that will allow the agency to evaluate the ability of the proposal to meet the selection standards in part 4900.3729 and the funding priorities in part 4900.3730, and

J a proposed tenant selection plan

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

#### 4900.3727 ELIGIBLE USES OF FUNDS.

To be eligible for capital funding under the housing trust fund program, rental housing must satisfy the following requirements

A. The proposed housing development must consist of living accommodations for persons and families. Nursing homes, board and care facilities, and supervised living facilities licensed by the Department of Health or a delegated local department of health are not eligible housing developments, nor are properties where all residents require an individual 24-hour plan for supervision, medical, or health care

B. The assisted units in the proposed housing development must provide rental housing for persons and families whose gross incomes, at the time of initial occupancy, do not exceed 60 percent of median income as determined by HUD for the metropolitan area. This median income may be adjusted for family size for families with five or more people. A household with Section 8 project-based or voucher assistance is deemed to meet the income requirements of this item

*[For text of item C, see MR ]*

D. The use restrictions in this part must remain in effect until the later of:

(1) the date on which the loan is repaid or the grant agreement is terminated, or

(2) the date that is 15 years from the closing date of the loan or grant

E At least 75 percent of funds in the housing trust fund program must be used for the benefit of persons and families whose gross incomes, at the time of initial occupancy, do not exceed 30 percent of the median family income for the metropolitan area. This median income may be adjusted for family size for families with five or more people. A household with Section 8 project-based or voucher assistance is deemed to meet the income requirements of this item.

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

#### **4900.3730 FUNDING PRIORITIES.**

Among proposals that satisfy the selection standards in part 4900.3729, the agency shall give priority in awarding loans or grants for capital funding under the housing trust fund program to those proposals that best address the greatest number of the following priorities

A the extent to which the proposed housing will serve persons and families whose gross incomes, at the time of initial occupancy, do not exceed 30 percent of the median family income for the metropolitan area. This median income may be adjusted for family size for families with five or more people;

B. the extent to which the amount of rent to be paid by tenants of the proposed housing does not exceed 30 percent of the area median income as determined by HUD. This median income may be adjusted for family size for families with five or more people,

*[For text of items C to L, see MR]*

M the extent to which the proposal reflects locally determined priorities described in the continuum of care plan,

*[For text of item N, see MR.]*

O. the extent to which the applicant has the capacity to complete the proposed housing development in a timely fashion and maintain the housing development after completion;

P. temporary priorities, as established by the agency board members or the legislature, that reflect unexpected short-term changes in the demand for housing. An example of an unexpected short-term change is the need to direct resources to respond to a natural disaster, such as a flood or tornado. Temporary priorities are described in the application guide;

Q the extent to which an application would develop housing for households experiencing long-term homelessness;

R the extent to which an application that would develop housing for households experiencing long-term homelessness has a commitment of project-based rental assistance or operating subsidy from other sources; and

S the extent to which an application would develop permanent supportive housing

**Statutory Authority:** *MS s 462A.06*

**History:** *29 SR 1479*

#### **4900.3731 MANAGEMENT AND OPERATION.**

*[For text of subs 1 and 2, see MR]*

Subp 3. **Prohibition against discrimination.** The housing development owner or its management agent shall not violate any federal, state, or local law or regulation prohibiting discrimination in the provision of housing and shall not refuse to rent to a household solely on the basis of the household's status as a recipient of tenant-based rental assistance



*[For text of subps 4 and 5, see MR ]*

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

#### **4900.3740 OPERATING SUBSIDY.**

The agency may provide an operating subsidy from the housing trust fund program for rental housing for which the agency has provided capital funding. The operating subsidy is available in two forms: (1) operating subsidy-unique costs, for those costs of operating rental housing that are unique to the operation of low-income rental or supportive housing, or (2) operating subsidy-revenue shortfall. The agency shall award the operating subsidy in the form of a grant.

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

#### **4900.3742 ELIGIBLE APPLICATIONS.**

The applicant shall provide an application in the form prescribed by the agency. The application for an operating subsidy must include:

*[For text of items A to E, see MR ]*

F. specific documentation, as requested by the agency, that will allow the agency to evaluate the ability of the proposal to meet the selection standards in part 4900.3744 and the funding priorities in part 4900.3745

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

#### **4900.3743 ELIGIBLE USES OF FUNDS.**

Subpart 1 **Generally.** At least 75 percent of funds in the housing trust fund program must be used for the benefit of persons and families whose gross incomes, at the time of the initial occupancy, do not exceed 30 percent of the median family income for the metropolitan area. This median income may be adjusted for family size for families with five or more people. A household with Section 8 project-based or voucher assistance is deemed to meet the income requirements of this subpart.

Subp. 2. **Operating subsidy-unique costs.** The agency may fund those costs of operating rental housing that are unique to the operation of low-income rental housing and supportive housing. To be eligible for operating subsidy-unique costs funding under the housing trust fund program, applicants must satisfy the requirements in items A and B.

*[For text of item A, see MR ]*

B. The housing trust fund program funds must be used to provide an operating subsidy for a housing development in which the assisted units provide housing for persons and families whose gross incomes at the time of initial occupancy do not exceed 60 percent of median income as determined by HUD for the metropolitan area. This median income may be adjusted for family size for families with five or more people. A household with Section 8 project-based or voucher assistance is deemed to meet the income requirements of this item.

Subp. 3. **Operating subsidy-revenue shortfall.** The agency may provide an operating subsidy to cover a housing development's revenue shortfall. To be eligible for operating subsidy-revenue shortfall funding under the housing trust fund program, applicants must satisfy the requirements in items A and B.

*[For text of item A, see M.R.]*

B. The housing trust fund program funds must be used to provide an operating subsidy for a housing development in which the assisted units provide housing for persons and families whose gross incomes, at the time of initial occupancy, do not exceed 60 percent of median income as determined by HUD for the metropolitan area. This median income may be adjusted for family size for families with five or

more people A household with Section 8 project-based or voucher assistance is deemed to meet the income requirements of this item.

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

#### 4900.3745 FUNDING PRIORITIES.

Among proposals that satisfy the selection standards in part 4900.3744, the agency shall give priority in awarding operating subsidies under the housing trust fund program to those proposals that best address the greatest number of the following priorities.

A. the extent to which the proposed housing will serve persons and families whose gross incomes at the time of initial occupancy do not exceed 30 percent of the median family income for the metropolitan area This median income may be adjusted for family size for families with five or more people,

B. the extent to which the amount of rent to be paid by tenants of the proposed housing does not exceed 30 percent of the area median income as determined by HUD. This median income may be adjusted for family size for families with five or more people,

*[For text of items C to K, see MR ]*

L a priority for the creation of newly assisted housing units;

M the extent to which the proposal reflects locally determined priorities described in the continuum of care plan,

N for operating subsidies-unique costs, whether the proposed housing development includes creative approaches to the provision of affordable housing that can be replicated and serve as a model for other providers of affordable housing,

O. temporary priorities, as established by the agency board members or the legislature, that reflect unexpected short-term changes in the demand for housing An example of an unexpected short-term change is the need to direct resources to respond to a natural disaster, such as a flood or tornado Temporary priorities are described in the application guide, and

P the extent to which an application assists households experiencing long-term homelessness

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

#### 4900.3760 RENTAL ASSISTANCE.

The agency may provide rental assistance to an administrator from the housing trust fund program. The agency shall award all forms of rental assistance in the form of a grant Rental assistance from the housing trust fund program is intended to be temporary in nature and to provide assistance through an administrator to an individual household

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

#### 4900.3762 ELIGIBLE APPLICATIONS.

The applicant shall provide an application in the form prescribed by the agency The application must include

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

F a detailed budget for the rental assistance, including how the applicant will determine the amount of rental subsidy that it will pay on behalf of the tenants, and administrative fees as permitted by part 4900.3767, subpart 6,

*[For text of item G, see MR ]*

H if the administrator plans to allow more than annual recertifications of tenant income, a description of how often and under what circumstances recertification will be allowed,

I. specific documentation, as required by the agency, that will allow the agency to evaluate the ability of the proposal to meet the selection standards in part 4900.3765 and the funding priorities in part 4900.3766; and

J a description of how the administrator will notify tenants of the opportunity for a meeting to consider decisions of the administrator under parts 4900.3767 and 4900.3768.

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

#### 4900.3763 ELIGIBLE USES OF FUNDS.

A Funds from the housing trust fund program may be used to provide tenant-based rental assistance, sponsor-based rental assistance, or project-based rental assistance and to pay security deposits, damage claims or fees, application fees, vacancy payments, utility connection fees, and other fees necessary to obtain owner participation or to prevent repeat episodes of homelessness

*[For text of item B, see MR ]*

C. At least 75 percent of funds in the housing trust fund program must be used for the benefit of persons and families whose gross incomes, at the time of initial occupancy, do not exceed 30 percent of the median family income for the metropolitan area. This median income may be adjusted for family size for families with five or more people

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

#### 4900.3764 ELIGIBLE TENANTS.

Eligible tenants are persons or families whose gross incomes, at the time of initial occupancy, do not exceed 60 percent of median income as determined by HUD for the metropolitan area. This median income may be adjusted for family size for families with five or more people.

Tenants do not have to be eligible for the Section 8 tenant-based rental assistance housing choice voucher program in order to be eligible for rental assistance funded by the housing trust fund program.

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

#### 4900.3766 FUNDING PRIORITIES.

Among proposals that satisfy the selection standards in part 4900.3765, the agency shall give priority in awarding rental assistance funding under the housing trust fund program to those proposals that best address the greatest number of the following priorities:

A the extent to which the rental assistance program proposes to serve persons and families whose gross incomes at the time of initial occupancy do not exceed 30 percent of the median family income for the metropolitan area. This median income may be adjusted for family size for families with five or more people,

B. the extent to which the amount of rent to be paid by tenants of the proposed housing does not exceed 30 percent of 30 percent of the area median income as determined by HUD. This median income may be adjusted for family size for families with five or more people;

C. the extent to which the rental assistance program reflects locally determined priorities described in the continuum of care plan,

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

G the extent to which the rental subsidy is kept as low as possible without compromising the stability of the tenant,

H the extent to which other resources are not available to provide rental assistance in the service area, including but not limited to, the availability of Section 8 rental assistance;

I the extent to which the applicant has demonstrated success in transitioning households off state-funded rental assistance programs,

J. the extent to which the application assists households experiencing long-term homelessness, and coordinates or provides linkages or a plan for resident support services to the extent necessary, such as information and referral, outreach and engagement, advocacy, case management, self-reliance training, employment readiness, employment training, or resident association and community building activities, contingent upon an agreement with an established organization providing such services to residents and financial plans demonstrating feasibility; and

K temporary priorities, as established by the agency board members or the legislature, that reflect unexpected short-term changes in the demand for housing. An example of an unexpected short-term change is the need to direct resources to respond to a natural disaster, such as a flood or tornado. Temporary priorities are described in the application guide.

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

#### **4900.3767 ADMINISTRATION OF TENANT-BASED AND SPONSOR-BASED RENTAL ASSISTANCE.**

**Subpart 1. Amount of assistance.** There is no minimum amount of rental subsidy that an administrator must provide to each tenant. The maximum amount of rental subsidy provided to each tenant will be no greater than the difference between 30 percent of the tenant's gross income and the payment standard as established by the local public housing agency or housing and redevelopment authority according to Code of Federal Regulations, title 24, part 982.

*[For text of subp 2, see MR]*

**Subp. 3. Length of time.** An eligible tenant shall not receive rental assistance for longer than five consecutive years. This time limit does not apply to eligible tenants who have applied for federal rental assistance but have not been accepted in such programs due to funding limitations, or who are ineligible for federal rental assistance.

An administrator shall not commit to provide rental assistance to an eligible tenant for amounts or terms in excess of funding allowable under the grant agreement between the administrator and the agency.

#### **Subp. 4. Termination of rental subsidy.**

A. An administrator must terminate a tenant's rental subsidy, according to the termination procedures in subpart 5, item A, when, upon annual recertification and verification of income, it determines that 30 percent of the household's monthly gross income for the preceding four consecutive months equals or exceeds the market rent for the unit in which the household resides plus the utilities for which the tenant is responsible. The utilities for which the tenant is responsible will be determined by using the utility allowance calculation provided by the local public housing agency or housing and redevelopment authority.

*[For text of item B, see MR]*

C. An administrator may terminate a tenant's rental subsidy, according to the termination procedures in subpart 5, item C, if the tenant fails to cooperate with the annual recertification process, including property inspection.

**Subp 5 Notice of termination.**

A If an administrator gives notice to terminate a tenant's rental subsidy because the tenant's household gross income at recertification exceeds the limits in subpart 4, item A, the administrator shall provide written notice to both the tenant and the owner or management agent that the rental subsidy will end on the last day of the second month following the month in which the notice is given. A tenant shall be given an opportunity to meet with the administrator and submit any information documenting that income did not exceed the limits and justifies continuing the subsidy.

Example: if on January 12 the administrator determines that 30 percent of the tenant's gross income for each of the four months from September through December equals or exceeds the market rent for the unit in which the household resides plus the utilities for which the tenant is responsible, the administrator will provide notice to the tenant that the rental subsidy will end on the last day of March.

B. If an administrator gives notice to terminate a tenant's rental subsidy because the tenant is being evicted under the conditions in subpart 4, item B, the administrator shall provide written notice to both the tenant and the owner or management agent that the rental subsidy will end on the last day of the month in which the tenant vacates the unit.

C If an administrator gives notice to terminate a tenant's rental subsidy because the tenant is not cooperating with the annual recertification process under the conditions in subpart 4, item C, the administrator shall submit written notice to the tenant and owner or management agent that the tenant has 60 days to comply with recertification requirements. If the tenant does not comply with recertification requirements within 60 days, the administrator shall submit written notice to the tenant and owner or management agent that the rental subsidy will end on the last day of the month in which the tenant receives the notice.

D. If an administrator gives notice to terminate a tenant's subsidy for reasons outlined in items B and C, the tenant shall be given an opportunity to meet with the administrator to determine if the conditions causing possible termination can be resolved and the tenant can continue receiving the subsidy.

*[For text of subp 6, see MR]*

**Subp. 7. Responsibilities of administrators.** Administrators of tenant-based and sponsor-based rental assistance are responsible for the following activities:

A. recruiting tenants and owners;

*[For text of items B to E, see MR]*

F paying rental subsidies directly to owners or management agents in a timely manner;

*[For text of item G, see MR]*

H maintaining and retaining records,

I. implementing plans for transitioning tenants off housing trust fund program rental assistance, as described in part 4900.3762; and

J. ensuring that a process is in place for notifying tenants of the opportunity for a meeting under part 4900.3767.

**Subp. 8. Termination of administrator.** The agency shall terminate an administrator if the administrator has failed to comply with any agreement with the agency governing the use of the rental assistance funds within the time allowed by any applicable cure period. Under such circumstances, the administrator shall provide written notice to all applicable tenants and owners or management agents that the rental subsidy will end on the last day of the second month following the month in which the notice is given.

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

**4900.3768 ADMINISTRATION OF PROJECT-BASED RENTAL ASSISTANCE.**

Subpart 1 **Amount of assistance.** There is no minimum amount of rental subsidy that an administrator must provide to each tenant. The maximum amount of rental subsidy provided to each tenant will be no greater than the difference between 30 percent of the tenant's gross income and the payment standard as established by the local public housing agency or housing and redevelopment authority in accordance with Code of Federal Regulations, title 24, part 982.

*[For text of subp 2, see M.R.]*

Subp 3 **Length of time.** An eligible tenant shall not receive rental assistance for longer than five consecutive years. This time limit does not apply to eligible tenants who have applied for federal rental assistance but have not been accepted in such programs due to funding limitations, or who are ineligible for federal rental assistance.

An administrator shall not commit to provide rental assistance to an eligible tenant for amounts or terms in excess of funding allowable under the grant agreement between the administrator and the agency.

Subp 4 **Termination of rental subsidy.**

A An administrator must terminate a tenant's rental subsidy, according to the termination procedures in subpart 5, when, upon annual recertification and verification of income, it determines that 30 percent of the household's monthly gross income for the preceding four consecutive months equals or exceeds the market rent for the unit in which the household resides plus the utilities for which the tenant is responsible. The utilities for which the tenant is responsible will be determined by using the utility allowance calculation provided by the local public housing agency or housing and redevelopment authority.

B An administrator may terminate a tenant's rental subsidy, according to the termination procedures in subpart 5, item B, if the tenant is evicted for:

- (1) serious or repeated violations of terms and conditions of the lease; or
- (2) violation of any federal, state, or local law that imposes obligations on the tenant in connection with occupancy or use of the unit in which the tenant resides.

C An administrator may terminate a tenant's rental subsidy, according to the termination procedures in subpart 5, item C, if the tenant fails to cooperate with the annual recertification process, including property inspection.

Subp. 5. **Notice of termination.**

A If an administrator gives notice to terminate a tenant's rental subsidy because the tenant's household gross income at recertification exceeds the limits in subpart 4, the administrator shall provide written notice to both the tenant and the owner or management agent that the rental subsidy will end on the last day of the second month following the month in which the notice is given. A tenant shall be given an opportunity to meet with the administrator and submit any information documenting that income did not exceed the limits and justifies continuing the subsidy.

Example: if on January 12 the administrator determines that 30 percent of the tenant's gross income for each of the four months from September through December equals or exceeds the market rent for the unit in which the household resides plus the utilities for which the tenant is responsible, the administrator will provide notice to the tenant that the rental subsidy will end on the last day of March.

B If an administrator gives notice to terminate a tenant's rental subsidy because the tenant is being evicted under the conditions in subpart 4, item B, the administrator shall provide written notice to the tenant and owner or management agent that the rental subsidy will end on the last day of the month in which the tenant vacates the unit.

C If an administrator gives notice to terminate a tenant's rental subsidy because the tenant is not cooperating with the annual recertification process under the conditions in subpart 4, item C, the administrator shall submit written notice to the tenant and owner or management agent that the tenant has 60 days to comply with

recertification requirements. If the tenant does not comply with recertification requirements within 60 days, the administrator shall submit written notice to the tenant and owner or management agent that the rental subsidy will end on the last day of the month in which the tenant receives the notice.

D. If an administrator gives notice to terminate a tenant's rental subsidy for reasons outlined in items B and C, the tenant shall be given an opportunity to meet with the administrator to review if the conditions causing proposed termination can be resolved and the tenant can continue receiving the subsidy.

**Subp. 6 Responsibilities of administrators.** Administrators of project-based rental assistance shall be responsible for the following activities:

A. recruiting tenants and determining their eligibility according to Minnesota Statutes, section 462A.201, subdivision 2, paragraph (b);

*[For text of items B to E, see MR]*

F. meeting agency reporting requirements;

G. maintaining and retaining records;

H. implementing plans for transitioning tenants off housing trust fund rental assistance as described in part 4900.3762, and

I. ensuring that a process is in place for notifying tenants of the opportunity for a meeting under this part.

**Subp. 7. Termination of administrator.** The agency shall terminate an administrator if the administrator has failed to comply with any agreement with the agency governing the use of the rental assistance funds within the time allowed by any applicable cure period. Under such circumstances, the administrator shall provide written notice to all applicable tenants and owners or management agents that the rental subsidy will end on the last day of the second month following the month in which the notice is given.

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*

#### **4900.3769 EXTENSION OF FUNDING FOR RENTAL ASSISTANCE.**

*[For text of item A, see MR]*

B. The agency shall consider the following factors when determining whether an administrator will receive an extension of funding:

*[For text of subitems (1) to (4), see MR]*

(5) the selection standards in part 4900.3765 and the funding priorities in part 4900.3766

If the agency does not approve an extension of funding for an administrator, the administrator shall give written notice to all participating tenants and owners or management agents that the rental subsidies will end. This notice must be given no fewer than six months before the rental subsidy will end.

**Statutory Authority:** *MS s 462A 06*

**History:** *29 SR 1479*