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authority, for the payment of the principal of and interest on bonds issued in aid of the project pursuant to sections 462.551, 462.581, or chapter 474, by the authority or by the governing body of the municipality or other state public body within whose corporate limits the project area is situated. Any such pledge for the payment of bonds issued by the governing body shall be made by written agreement executed on behalf of the authority and the governing body and filed with the county auditor. The estimated collections of the tax increments and any other revenues so pledged may be deducted from the taxes otherwise required to be levied before the issuance of the bonds under section 475.61, subdivision 1, or the collections thereof may be certified annually to reduce or cancel the initial tax levies in accordance with section 475.61, subdivision 3. When such an agreement is made and filed, the bonds may be issued by the governing body in the same manner and subject only to the same conditions as those provided in chapter 475 for bonds financing improvement costs reimbursable from special assessments. Bonds shall not be issued nor tax increments or other revenues pledged pursuant to this subdivision subsequent to August 1, 1979.

[1979 c 322 s 13-15]

CHAPTER 462A. HOUSING FINANCE AGENCY LAW OF 1971

Sec. 462A.02	Policy.	Sec. 462A.09	Bonds and notes; resolutions authorizing, additional terms, sale.
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462A.02 Policy.

[For text of subds 1 to 9, see M.S.1978]

Subd. 10. It is further declared that supplies of conventional energy resources are rapidly depleting in quantity and rising in price and that the burden of these occurrences falls heavily upon persons of low and moderate income. These conditions are adverse to the health, welfare, and safety of the citizens of this state. It is further declared that it is a public purpose to ensure the availability of financing to be used by low and moderate income people to install in their dwellings reasonably priced energy conserving systems using alternative energy resources and equipment.

[Ex1979 c 2 s 44]

462A.04 Housing finance agency.

[For text of subds 1 to 8, see M.S.1978]

Subd. 8a. The approved complement of the Minnesota housing finance agency may be increased up to three unclassified positions for the purposes of Laws 1979, Chapter 306, Sections 1 to 16.

[For text of subd 9, see M.S.1978]

[1979 c 306 s 15]

462A.05 Specific powers of the agency.

[For text of subds 1 and 2, see M.S.1978]

Subd. 2a. It may make grants to sponsors or builders of multi-unit residential housing for occupancy by persons and families of low and moderate income. The grants shall only be made for the construction or rehabilitation of three bedroom apartment units or townhouse units of four bedrooms or more for large low and moderate income families. No grant shall exceed the amount of \$5,000 per unit. In making grants, the agency shall determine the circumstances under which and the terms and conditions

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under which all or any portion thereof will be repaid and shall determine the appropriate security should repayment be required.

[For text of subs 3 to 14, see M.S.1978]

Subd. 15. It may make grants to persons and families of low and moderate income to pay or to assist in paying a loan made pursuant to subdivision 14, or to rehabilitate or to assist in rehabilitating existing residential housing owned or occupied by such persons or families. For the purposes of this section, persons of low and moderate income include administrators appointed pursuant to section 566.25, clause (c). No grant shall be made unless the agency determines that the grant will be used primarily to make the housing more desirable to live in, to increase the market value of the housing or for compliance with state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing, or to accomplish energy conservation related improvements. In unincorporated areas and municipalities not having codes and standards, the agency may, solely for the purpose of administering this provision, establish codes and standards. No grant for rehabilitation of owner occupied residential housing shall be denied solely because the grant will not be used for placing the residential housing in full compliance with all state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing. The amount of any grant shall not exceed the lesser of (a) \$5,000, or (b) the actual cost of the work performed, or (c) that portion of the cost of rehabilitation which the agency determines cannot otherwise be paid by the person or family without spending an unreasonable portion of the income of the person or family thereon. In making grants, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion thereof will be repaid and shall determine the appropriate security should repayment be required.

The agency may also make grants to rehabilitate or to assist in rehabilitating housing under this subdivision to persons of low and moderate income for the purpose of qualifying as foster parents.

Subd. 15a. It may make grants to persons and families of low and moderate income to improve the accessibility of existing residential housing for handicapped occupants, or to assist in paying a loan made pursuant to subdivision 14 to improve the accessibility of existing residential housing for handicapped occupants. Grants may be in an amount up to \$10,000, based upon the cost of the improvements, the financial ability of the person or family receiving the grant, and other appropriate factors including extraordinary medical expenses. Grants may be made in connection with other agency loan or grant programs; provided that in no case may agency rehabilitation loans and any grants pursuant to this section total an amount exceeding \$15,000. Grants made pursuant to this section may include the payment of money for technical assistance for the design and construction of accessibility improvements. In making grants, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion thereof will be repaid and shall determine the appropriate security should repayment be required. The agency may gather data on available accessible housing financed under this program and make the information available to interested individuals and groups.

Subd. 16. (a) It may make payments or expenditures from the housing development fund to persons of low or moderate income, who are recipients of an eligible loan as defined in section 462A.03, subdivision 11, or who have purchased residential housing from a recipient of such eligible loan, and who are owners and occupants of residential housing constructed or rehabilitated under sections 462A.01 to 462A.24, when, in the agency's determination, such residential housing contains defects or omissions which affect the structural soundness, or the use and the livability of such housing, including but not limited to defects or omissions in materials, hardware, fixtures, design, workmanship and landscaping of whatever kind and nature incorporated in said housing and which are covered by an agency approved warranty, for the purposes of (i) correcting such defects, or (ii) paying the claims of the owner arising from such defects, provided, that this authority shall exist only if the owner has requested assistance from the agency not later than four years after the issuance of the eligible loan, or where such residential housing

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was rehabilitated under sections 462A.01 to 462A.24 only if the owner has requested assistance from the agency not later than two years after the issuance of the eligible loan.

(b) If such owner elects to receive payments or expenditures pursuant to this section, the agency is subrogated to the right of such owner to recover damages against any party or persons reasonably calculated to be responsible for such damages.

(c) The agency may require from the seller of such residential housing, or the contractor responsible for the construction or rehabilitation of such housing, an agreement to reimburse the agency for any payments and expenditures made pursuant to this subdivision with respect to such residential housing.

[For text of subs 17 and 18, see M.S.1978]

[1979 c 50 s 60; 1979 c 327 s 1-3]

462A.07 Additional powers and duties of the agency.

[For text of subs 1 to 12, see M.S.1978]

Subd. 13. It may engage or assist in the development and operation of low income housing if the federal government provides assistance in connection with the housing and the development and operation is in conformity with the applicable provisions of federal laws and regulations. The agency shall determine whether the applicable federal laws governing use of such funds permit a portion thereof to be used for residential housing for American Indians within the state.

Subd. 14. It may engage in housing programs for low and moderate income American Indians, as that term is defined in section 254A.02, subdivision 11, developed and administered separately or in combination by the Minnesota Chippewa tribe, the Red Lake band of Chippewa Indians, and the Sioux communities as determined by such tribe, band, or communities. In developing such housing programs the tribe, band, or communities shall take into account the housing needs of all American Indians residing both on and off reservations within the state. A plan for each such program, which specifically describes the program (a) content, (b) utilization of funds, (c) administration, (d) operation, (e) implementation and other matter, as determined by the agency, must be submitted to the agency for its review and approval prior to the making of eligible loans pursuant to section 462A.21. All such programs must conform to rules promulgated by the agency concerning program administration, including but not limited to rules concerning costs of administration; the quality of housing; interest rates, fees and charges in connection with making eligible loans; and other matters determined by the agency to be necessary in order to effectuate the purposes of this subdivision and section 462A.21, subdivisions 4b and 4c. All such programs must provide for a reasonable balance in the distribution of funds appropriated for the purpose of this section between American Indians residing on and off reservations within the state. Nothing in this section shall preclude such tribe, band, or communities from requesting and receiving cooperation, advice, and assistance from the agency as regards program development, operation, delivery, financing, or administration. As a condition to the making of such eligible loans, the Minnesota Chippewa tribe, the Red Lake band of Chippewa Indians and the Sioux communities shall:

(a) enter into a loan agreement and other contractual arrangements with the agency for the purpose of transferring the allocated portion of loan funds as set forth in section 462A.26 and to insure compliance with the provisions of this section and this chapter, and

(b) shall agree that all of their official books and records related to such housing programs shall be subjected to audit by the legislative auditor in the manner prescribed for agencies of state government.

The agency shall submit a biennial report concerning the various housing programs for American Indians, and related receipts and expenditures as provided in section 462A.22, subdivision 9, and such tribe, band, or communities to the extent that they administer such programs, shall be responsible for any costs and expenses related to

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such administration provided, however, they shall be eligible for payment for costs, expenses and services pursuant to section 462A.07, subdivision 12, and section 462A.21. The agency may provide or cause to be provided essential general technical services as set forth in section 462A.07, subdivision 2, and general consultative project assistance services, including, but not limited to, management training, and home ownership counseling as set forth in section 462A.07, subdivision 3. Rules promulgated under this subdivision may be promulgated as emergency rules under chapter 15.

Subd. 15. It may engage in housing programs for low and moderate income American Indians as that term is defined in section 254A.02, subdivision 11, residing in the metropolitan area defined in section 473.121, subdivision 2, and cities with a population greater than 50,000 persons. The programs shall demonstrate innovative methods of providing housing for urban Indians, may involve the construction, purchase and rehabilitation of residential housing, and may be administered through any other provision of this chapter. To the extent possible, the programs shall combine appropriated money with other money from both public and private sources. The agency shall consult with the advisory council on urban Indians created pursuant to section 3.922, subdivision 8, in the development of programs pursuant to this subdivision. Temporary rules to implement this section may be promulgated and amended pursuant to chapter 15. The temporary rules may remain in effect until July 1, 1980.

[1979 c 243 s 7-9; 1979 c 327 s 5]

462A.09 Bonds and notes; resolutions authorizing, additional terms, sale.

The notes and bonds of the agency shall be authorized by a resolution or resolutions adopted by the agency, shall bear such date or dates, shall mature at such time or times, shall bear interest at such rate or rates, be in such denominations, be in such form, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States of America, at such place or places within or without the state, and be subject to such terms of redemption prior to maturity as such resolutions or certificates may provide. No note shall mature more than ten years from its date or from the date of any note refunded thereby. The maximum maturity of any bond, whether or not issued for the purpose of refunding, shall be 50 years from its date. The notes and bonds of the agency may be sold at public or private sale, at such price or prices as the agency shall determine; provided that in no event shall the net proceeds to the agency of any issuance of bonds be less than 97.5 percent of the face amount of the bonds. Prior to the sale of notes and bonds, the agency shall consult with the executive secretary of the state board of investment on the terms and conditions of the bonds and appropriate underwriting fees. The executive secretary of the state board of investment shall participate in the negotiations for the sale of bonds of the agency.

[1979 c 327 s 6]

462A.21 Housing development fund; advances, use repayment.

[For text of subds 1 to 4b, see M.S.1978]

Subd. 4c. It may establish a revolving loan fund and may make eligible loans, pursuant to subdivision 4b, to low and moderate income American Indians as provided in section 462A.07, subdivision 14 and may pay the costs and expenses necessary and incidental to the development and operation of such programs.

Subd. 4d. It may expend moneys for the purpose of section 462A.07, subdivision 15, including the establishment of revolving loan funds for programs for urban American Indians, and may pay the costs and expenses necessary and incidental to the development and operation of the programs.

Subd. 4e. It may expend money for the purpose of section 462A.05, subdivision 2a, and pay the costs and expenses necessary and incidental to the development and operation of the grant program authorized therein.

Subd. 4f. It may make grants for the purpose of section 462A.05, subdivision 15a and may pay the costs and expenses necessary and incidental to the development and operation of the housing accessibility program.

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Subd. 5. It may expend moneys in the fund, not otherwise appropriated, for such other agency purposes as previously enumerated in sections 462A.01 to 462A.24 as the agency in its discretion shall determine and provide.

Subd. 6. Notwithstanding the provisions of subdivision 5, the agency shall not expend moneys in the fund for the purpose of making rehabilitation or accessibility grants except by specific appropriation by the legislature.

[For text of subds 7 to 10, see M.S.1978]

Subd. 11. The agency may make loans to owners of rental property of four units or more that is at least 15 years old and occupied at the time of loan closing by low and moderate income tenants, for the purposes of moderate rehabilitation and energy improvements necessary to bring the property into compliance with section 116H.129, subdivision 3. The authority granted in this subdivision is in addition to and not in limitation of any other authority granted to the agency in this chapter. Loans made pursuant to this subdivision shall only be made with the proceeds of bonds and notes, and shall not include any appropriated money.

[1979 c 50 s 61; 1979 c 243 s 10,11; 1979 c 327 s 4,7-9]

462A.22 Bond fund.

Subdivision 1. The aggregate principal amount of bonds and notes which are outstanding at any time, excluding the principal amount of any bonds and notes refunded by the issuance of new bonds or notes, shall not exceed the sum of:

(a) \$225,000,000 issued for the purpose of providing funds for rehabilitation loans, or refunding bonds or notes issued for this purpose, plus

(b) \$1,325,000,000 issued for other purposes specified in section 462A.08.

Subd. 1a. From the proceeds of bonds issued from time to time after the effective date of Laws 1979, Chapter 327, the agency shall make in an aggregate principal amount at least \$10,000,000 in mortgage loans for the rehabilitation of existing buildings for multifamily residential housing.

[For text of subds 2 to 8, see M.S.1978]

Subd. 9. The agency shall also submit a biennial report of its activities, projected activities, receipts, and expenditures for the next biennium, to the governor and the legislature on or before January 15 in each odd-numbered year. The report shall include the distribution of money under each agency program by county, except for counties containing a city of the first class, where the distribution shall be reported by municipality. Within cities of the first class, the distribution of agency money shall be reported by census tract.

In addition, the report shall include the cost to the agency of the issuance of its bonds for each issue in the biennium, along with comparable information for other state housing finance agencies.

[For text of subd 10, see M.S.1978]

[1979 c 327 s 10-12]

CHAPTER 462C. MUNICIPAL HOUSING PROGRAMS

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