

CHAPTER 462C

MUNICIPAL HOUSING PROGRAMS

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462C.01 AUTHORIZATION.

A city may develop and administer programs of making or purchasing mortgage loans to finance the acquisition of single family housing by low and moderate income persons and families anywhere within its boundaries upon the following conditions:

- (a) The city develops a housing plan as required by section 462C.03;
- (b) A public hearing is held thereon after one publication of notice in a newspaper circulating generally in the city, at least 30 days before the hearing, after which the plan may be adopted by resolution of the governing body with or without amendment; and
- (c) The plan is submitted for review pursuant to section 462C.04.

History: 1979 c 306 s 1

462C.02 DEFINITIONS.

Subdivision 1. For the purposes of sections 462C.01 to 462C.08, the terms defined in this section have the meanings given them.

Subd. 2. "Housing plan" means a plan for an individual city which sets forth the information required by section 462C.03.

Subd. 3. "Program" means an individual component of the housing plan for which an issue of revenue bonds or obligations is proposed.

Subd. 4. "Single family housing" means real property and improvements thereon or an apartment as described in chapter 515 or any amendatory or supplemental law, which is owned or to be owned and occupied by one person or family as a principal residence.

Subd. 5. "Multifamily housing development" or "development" means an apartment facility, cooperative or a group of townhouses which include four or more dwelling units, each to be rented or sold to or occupied by a person or family for use as a residence. A development may include new construction or the rehabilitation of an existing building and site.

Subd. 6. "City" means any statutory or home rule charter city, or any public body which (a) is the housing and redevelopment authority in and for a city, or the port authority of a city, and (b) is authorized by ordinance to exercise, on behalf of a city, the powers conferred by sections 462C.01 to 462C.08.

Subd. 7. "Adjusted gross income" means gross family income less \$750 for each adult in the family to a maximum of two adults and less \$500 for each other dependent in the family.

History: 1979 c 306 s 2

462C.03 CITY HOUSING PLAN.

Subdivision 1. The housing plan shall set forth:

- (a) The housing needs of the city and the data demonstrating those needs;
- (b) The plan of the city to meet identified housing needs, and the specific methods to be used to carry out the plan;

- (c) Target areas, if any, of the city for each method;
- (d) The financing program or programs to be included in the plan;
- (e) The number and qualifications of lenders eligible to participate in the program;
- (f) The estimated amount of mortgage loans to be made or purchased in each program and the estimated amounts and timing of the sale of revenue bonds required to finance such loans, fund appropriate reserves, and pay costs of issuance;
- (g) Methods for monitoring the implementation by participants to insure that the programs will be consistent with the plan and its objectives;
- (h) The administrative capacity of the city to monitor and supervise housing finance programs;
- (i) The cost to the city, including administrative costs; and
- (j) An analysis of how the programs will meet the needs of low and moderate income families in the city.

Subd. 2. Each program shall establish limits on gross income for persons and families to be served by the program. The adjusted gross income may not exceed the greater of (a) 110 percent of the median family income as estimated by the United States department of housing and urban development for the non-metropolitan county or standard metropolitan statistical area, as the case may be, or (b) 100 percent of the income limits established by the Minnesota housing finance agency in which the city is located; except as provided in subdivision 8. The Minnesota housing finance agency shall provide the relevant income data to any city requesting the data.

Subd. 3. The plan shall establish maximum purchase prices or appraised values for single family housing eligible for mortgage loans in each program. The maximum purchase price allowable shall not exceed three times the income limit established for the program in subdivision 2, except that, for any program or portion of a program undertaken pursuant to subdivision 8, the maximum purchase price shall not exceed four times the income limit established pursuant to subdivision 2.

Subd. 4. Any financial institution as defined in section 47.0151, doing business within the city which is an approved FHA/VA or FNMA/FHLMC lender shall be eligible for consideration for origination of single family housing loans in any city housing program. Other lenders may be eligible as provided in the program. Origination of loans in the program may not be limited to a single lender unless other eligible lenders are not interested in participating or the program clearly sets forth why a public purpose would be served by confining participation to one lender.

Subd. 5. In the event that on the date of the adoption of the resolution by the governing body of the city authorizing the sale of the revenue bonds or obligations any financial institution within the city has entered into a commitment agreement with the Minnesota housing finance agency under which the agency has agreed to purchase mortgage notes and mortgages securing loans for single family housing, and the financial institution has not closed an amount of eligible mortgages equal to at least 95 percent of the total amount provided in the commitment agreement, then the city may not enter into a commitment to purchase loans from the financial institution for its program. Any city housing finance program may not provide loans to consumers at a rate which is less than the rate on loans provided to consumers under the Minnesota housing finance agency program at the time of adoption of the resolution. The executive director of the agency may waive either or both of the requirements of this subdivision in writing.

Subd. 6. Loans under a single family housing program may not be made to one developer or builder or restricted to housing provided by one developer or builder.

Subd. 7. Fifty percent of the money available for loans for each single family housing program subject to the income limits established pursuant to subdivision 2, must be made available to persons and families with adjusted gross incomes of less than 90 percent of the program's income limits for a period of six months from the date when the money becomes available for the program.

Subd. 8. Twenty percent of the aggregate amount of all loans provided under all city housing programs included in the housing plan for single family housing may be provided without regard to income limits or net worth limits if: (a) the housing program is used to finance single family housing in either a development district established pursuant to section 472A.03, or a redevelopment project established pursuant to section 462.521, or an industrial development district established pursuant to section 458.191; or (b) the city has previously developed and administered a housing program for low and moderate income persons and families and the program will be used to further policies of economic integration, stability and revitalization of residential areas. No housing program shall be developed or administered pursuant to this subdivision if the housing program will contribute to urban sprawl. A housing program shall be deemed to contribute to urban sprawl if the housing program is to be used to finance single family housing in any previously unincorporated real property annexed by the city pursuant to chapter 414, within one year prior to the date of the resolution adopted pursuant to Laws 1979, Chapter 306.

Subd. 9. The plan may include limitations or prohibitions on the assumption of the loans or other terms which are inconsistent with section 47.20, subdivision 6, for notes or bonds issued by the city pursuant to section 462C.07.

History: 1979 c 306 s 3; 1980 c 593 s 7

462C.04 PLAN REVIEW.

Subdivision 1. Any city located within the metropolitan area as defined in section 473.121, subdivision 2, shall submit its housing plan or any amendments to the metropolitan council for review and comment. All other cities shall submit their housing plans or any amendments to the regional development commission for the area in which the city is located, for review and comment. The appropriate reviewing agency shall comment on:

- (a) Whether the plan furthers local and regional housing policies;
- (b) The compatibility of the housing plan with the housing portion of the comprehensive plan of the city, if any; and
- (c) Whether the plan adequately meets the stated housing needs of the city.

The appropriate reviewing agency shall complete its review and comment within 45 days after submission.

Subd. 2. All cities shall submit their housing programs to the Minnesota housing finance agency for review and approval. The agency shall determine:

- (a) Whether the program furthers statewide housing policies;
- (b) Whether the program is capable of implementation without material adverse effect on financing programs of the agency, without subjecting the interest on future bonds of the agency to federal income tax under any limitations imposed at the time by federal law, and without exceeding the limitation provided in section 462C.07, subdivision 2;
- (c) Whether the program provides for administrative and bond issuance costs that are reasonable; and

(d) Whether the program complies with all other requirements of sections 462C.01 to 462C.08.

The agency shall complete its review and shall notify the city of its decision within 30 days. A failure to notify within 30 days constitutes approval. The agency may collect reasonable fees and charges in connection with its review of a city's housing program. The fees and charges shall be limited to the amounts required to pay the actual costs to the agency.

The Minnesota housing finance agency, in cooperation with the metropolitan council and the regional development commission, shall report annually to the legislature on the number and amounts of bond issues and the number of housing programs established pursuant to sections 462C.01 to 462C.08.

History: 1979 c 306 s 4

462C.05 MULTIFAMILY HOUSING DEVELOPMENTS.

Subdivision 1. A city may also plan, administer, and make or purchase a loan or loans to finance one or more multifamily housing developments within its boundaries, of the kind described in subdivision 2, 3 or 4, and upon the conditions set forth in this section. A loan may be made or purchased for the acquisition and preparation of a site and the construction of a new development, or for the acquisition of an existing building and site and the rehabilitation thereof, provided that:

(a) The cost of rehabilitation of an existing building is estimated to equal at least \$5,000 per dwelling unit or 50 percent of the appraised value of the original building and site, whichever is less or if the rehabilitation is financed in part by proceeds from a program provided by the federal government pursuant to 24 C.F.R. Sections 882.401 to 882.519 or pursuant to section 312 of the Housing Act of 1964 (42 U.S.C. Section 1452b), the cost of rehabilitation of an existing building is estimated to equal at least \$2,000 per dwelling unit or 20 percent of the appraised value of the original building and site whichever is less;

(b) At least a substantial portion of such rehabilitation cost is estimated to be incurred for compliance with building codes or conservation of energy;

(c) Each development upon completion shall comply with all applicable code requirements;

(d) A loan or loans may be made or purchased for either the construction or the long term financing of a development, or both, including the financing of the acquisition of dwelling units and interests in common facilities provided therein, by persons to whom such units and facilities may be sold as contemplated in chapter 515 or any supplemental or amendatory law thereof; and

(e) Substantially all of the proceeds of each loan shall be used to pay the cost of a multifamily housing development, including property functionally related and subordinate to it; but nothing herein prevents the construction of the development over, under, or adjacent to, and in conjunction with facilities to be used for purposes other than housing.

Subd. 2. A development may be designed for occupancy by persons and families of low or moderate income, and by other persons and families to the extent determined to be necessary in furtherance of the policy of economic integration stated in section 462A.02, subdivision 6, with at least 20 percent of the dwelling units held for occupancy by families or individuals eligible to receive subsidies under section 8 of the United States Housing Act of 1937, as amended, or another amendatory or supplemental law of the United States.

Subd. 3. A development may be located within a redevelopment project area established pursuant to chapter 462 or within a development district established pursuant to chapter 472A or within an industrial development district

established pursuant to section 458.191 without regard to the limitations and conditions set forth in section 462C.03 and in subdivision 2.

Subd. 4. A development may be designed for rental primarily to elderly or handicapped persons without regard to the limitations and conditions set forth in section 462C.03 and in subdivision 2.

Subd. 5. Each program for a multifamily housing development or developments described in subdivision 1 shall be adopted after public hearing and approved by the Minnesota housing finance agency as provided in section 462C.01, on the basis of the considerations stated in section 462C.04.

Subd. 6. The program shall demonstrate need for the development or developments, describe the method of financing proposed, state whether the development is to be constructed pursuant to subdivision 2, 3, or 4, and state the applicable limitations on gross income, if any, of the occupants.

History: 1979 c 306 s 5; 1980 c 593 s 9

462C.06 COUNTY HOUSING AND REDEVELOPMENT AUTHORITY ACTING ON BEHALF OF CITY.

A housing and redevelopment authority in and for a county may exercise the powers conferred by sections 462C.01 to 462C.07 on behalf of a city, if the city authorizes the housing and redevelopment authority in and for the county in which the city is located to exercise such powers and the county has authorized its housing and redevelopment authority to exercise its powers pursuant to section 462.426; provided, however, that any program undertaken pursuant to this section shall be included in the limitations provided in section 462C.07, subdivision 2, and also shall be subject to the limitations of sections 462C.03 and 462C.04 in the case of a single family housing program, and subject to the limitations of section 462C.05 in the case of a multifamily housing development program.

History: 1979 c 306 s 6

462C.07 HOUSING REVENUE BONDS.

Subdivision 1. To finance programs or developments described in any plan the city may, upon approval of the plan as provided in section 462C.01, clause (c), issue and sell revenue bonds or obligations which shall be payable exclusively from the revenues of the programs or developments. In the purchase or making of single family housing loans and the purchase or making of multifamily housing loans and the issuance of revenue bonds or other obligations the city may exercise within its corporate limits, any of the powers the Minnesota housing finance agency may exercise under chapter 462A, without limitation under the provisions of chapter 475.

Subd. 2. The aggregate principal amount of revenue bonds or other obligations issued by a city pursuant to this section shall not exceed an amount equal to \$1,000 times its population for the first 50,000 persons, plus \$500 times its population in excess of 50,000, until otherwise provided by law. Its population shall be determined by the last federal census, or by the last official estimate of the metropolitan council, for a city in the metropolitan area, whichever is greater.

Subd. 3. Upon approval of the housing plan as provided in section 462C.01, clause (c), any port authority referred to in chapter 458 may, until July 1, 1982, issue revenue bonds of the port authority to finance multifamily housing developments undertaken in accordance with the provisions of section 462C.05, and for such purpose the port authority may exercise any and all powers set forth in chapters 458 and 474, provided that nothing herein shall be construed as authorizing a port authority to finance any housing program other than that

authorized by section 462C.05. After July 1, 1982, the port authority may issue revenue bonds solely in accordance with the provisions of Laws 1979, Chapter 306, Sections 1 to 16.

History: 1979 c 306 s 7; 1980 c 487 s 17; 1980 c 595 s 6

462C.08 OTHER HOUSING LEGISLATION.

Sections 462C.01 to 462C.07 do not impair or otherwise affect the validity or provisions for the security of any obligations issued or agreements made pursuant to law before June 2, 1979. Sections 462C.01 to 462C.07 do not preclude or affect or limit the institution or financing or character of a housing program, project or development permitted for any city by any special law in effect on June 2, 1979, except that: (a) section 462C.03 is applicable to any program undertaken pursuant to a special law adopted after January 1, 1979, (b) no such city or agency thereof may issue obligations after January 1, 1980, for the purpose of financing a housing program or development of any kind referred to in sections 462C.01 to 462C.05, unless its plan therefor has previously been reviewed by the appropriate reviewing body and its program has been reviewed and approved by the agency; and all such obligations issued by such cities after January 1, 1980, shall be subject to the limitations set forth in sections 462C.01 to 462C.07.

History: 1979 c 306 s 8