CHAPTER 462C

MUNICIPAL HOUSING PROGRAMS

462C.01 AUTHORIZATION.

A city may develop and administer programs of (1) making or purchasing mortgage or rehabilitation loans pursuant to section 462C.03 to finance the acquisition or rehabilitation of single family housing by low and moderate income persons and families anywhere within its boundaries, or (2) making or purchasing loans pursuant to section 462C.05 to finance multifamily housing developments or the rehabilitation of multifamily housing developments 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;

(c) The plan is submitted for review pursuant to section 462C.04, subdivision 1; and

(d) Each program provided for in the plan is submitted for review pursuant to section 462C.04, subdivision 2.

History: *1979 c 306 s 1; 1982 c 624 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 one or more issues of revenue bonds or obligations is proposed.

Subd. 4. "Single family housing" means real property and improvements thereon consisting of a one, two, three or four unit dwelling, one unit of which is occupied as a principal residence by the owner of the units, or a unit or an apartment as described in chapter 515 or 515A, or any amendatory or supplemental law, which is owned or to be owned and occupied by one person or family as a principal residence, or a unit in a cooperatively owned group of dwelling units which is occupied as a principal residence. Single family housing may include new construction, or the acquisition and rehabilitation of an existing building and site, or the rehabilitation of and discharge of any interest or lien in an existing building and site.

Subd. 5. "Multifamily housing development" or "development" means an apartment facility, including an apartment described in chapter 515 or 515A or a 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, or a building or buildings which include one or more dwelling units, each to be rented by a person or family for use as a residence. A development may include new construction or the acquisition and rehabilitation of an existing building and site or the rehabilitation of and discharge of any interest or lien in 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.

Subd. 8. "Rehabilitation" means the improvement of existing single family housing or an existing multifamily housing development to improve the basic livability of the housing or restore it to a decent, safe, and sanitary condition. Improvements may include, without limitation, room additions, renovation, improvement or construction of a garage, repair of sidewalks, and improvements used or useful to conserve energy or to convert or refit an existing residential building for the use of any energy source which does not depend on nuclear fuel or nonrenewable fossil fuel, or which makes available another energy source which is wasted including, without limitation, cogeneration or district heating. Improvements shall not include the construction or improvement of recreational facilities, routine or minor repairs or maintenance, or cosmetic improvements unless coupled with the cure of substantial accumulation of deferred maintenance or other permitted improvements.

Subd. 9. "Targeted area" means

(a) a development district established pursuant to section 472A.03,

(b) a development district established pursuant to Laws 1971, Chapter 677 as amended,

(c) a redevelopment project established pursuant to section 462.521,

(d) an industrial development district established pursuant to section 458.191,

(e) a census tract in which 70 percent or more of the families have income which is 80 percent or less of the statewide median family income as estimated by the United States department of housing and urban development, or

(f) an area of chronic economic distress designated by the Minnesota housing finance agency.

History: *1979 c 306 s 2; 1982 c 624 s 2-6*

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 or rehabilitation 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 single family housing 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 nonmetropolitan 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 single family housing program shall establish maximum purchase prices or appraised values for single family housing eligible for mortgage loans in the program. The maximum purchase price allowable for each dwelling unit 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 within a targeted area, the maximum purchase price for each dwelling unit 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 single family housing program. Other lenders may be eligible as provided in the program. Origination of loans in the single family 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 to be issued to finance a single family housing program 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 single family housing program. Any city single family 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 single family housing program is used to finance single family housing in a targeted area; or (b) the city has previously developed and administered a housing program for low and moderate income persons and families and the single family housing program will be used to further policies of economic integration, stability and revitalization of residential areas. No single family housing program shall be developed or administered pursuant to this subdivision if the single family 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 single family housing program may include limitations or prohibitions on the assumption of the loans or other terms which are inconsistent with section 47.20, subdivision 6 or 6a, for notes or bonds or other obligations issued by the city pursuant to section 462C.07.

Subd. 10. Notwithstanding any provision of this chapter, not more than 20 percent of the aggregate dollar amount of bond proceeds and any other funds appropriated by any city within any calendar year to make or purchase loans providing single family housing or dwelling units for sale within multifamily housing developments described in section 462C.05, subdivision 3, shall be appropriated to provide single family housing for persons or families, including renters of the single family housing, whose gross income exceeds the limit in section 462C.03, subdivision 2. If 20 percent of the total amount of funds so appropriated by the city in any calendar year is expended for housing not within the limit, no additional funds may be expended pursuant to any other similar appropriation until the remaining 80 percent is expended for housing within the limit.

Subd. 11. The single family housing program may provide for loans for rehabilitation of single family housing or for the acquisition of rehabilitated housing. The single family housing program may also provide loans for acquisition of and the discharge of any lien or interest in and rehabilitation of single family housing if:

(a) the mortgagor to whom the financing is provided is the first resident of the residence after completion of the rehabilitation;

(b) there is a period of at least 20 years between the date on which the structure was first used and the date on which the physical work on the rehabilitation begins;

(c) 75 percent or more of the existing external walls of the structure are retained in place as external walls in the rehabilitation process; and

(d) the expenditures for the rehabilitation equal 25 percent or more of the mortgagor's "adjusted basis" (as determined pursuant to the Internal Revenue Code of 1954, as amended through December 31, 1981), in the residence, determined at the time of completion of the rehabilitation, or, if later, the date on which the mortgagor acquires the residence.

History: *1979 c 306 s 3; 1980 c 593 s 7; 1981 c 306 s 14; 1982 c 624 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. A public hearing shall be held on each program after one publication of notice in a newspaper circulating generally in the city, at least 15 days before the hearing, after which the program may be adopted with or without amendment. Each program shall be submitted 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;

(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 commissions, shall report annually to the legislature on the number and amounts of bond issues and the number of housing programs established pursuant to sections 462C.01 to 462C.08.

History: *1979 c 306 s 4; 1982 c 624 s 8; 1983 c 216 art 1 s 70*

462C.05 MULTIFAMILY HOUSING DEVELOPMENTS AND HEALTH CARE FACILITIES.

Subdivision 1. A city may also include in the housing plan, a program or programs to 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, 4 or 7, and upon the conditions set forth in this section. A loan may be made or purchased for

(a) the acquisition and preparation of a site and the construction of a new development,

(b) the rehabilitation of an existing building and site and the discharge of any lien or other interest in the building and site,

(c) for the acquisition of an existing building and site and the rehabilitation thereof, or

(d) for the acquisition of an existing building and site for purposes of conversion to limited equity cooperative ownership by low or moderate income families, provided that:

(a) The cost of rehabilitation of an existing building is estimated to equal at least $1,000 per dwelling unit or 20 percent of the appraised value of the original building and site whichever is less. With respect to rehabilitation which consists primarily of improvement of the property with facilities or improvements to conserve energy or convert or retrofit for use of alternative energy sources, rehabilitation loans may be made without regard to cost;

(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 515A or any supplemental or amendatory law thereof or as contemplated for a development consisting of cooperative housing; 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 shall be designed to be affordable by persons and families with adjusted gross income not in excess of the limits set forth in section 462C.03, subdivision 2, 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 are held for occupancy by families or individuals with adjusted gross income not in excess of 80 percent of the median family income as estimated by the United States department of housing and urban development for the nonmetropolitan county or standard metropolitan statistical area, as the case may be.

Subd. 3. A development may be located within a targeted area without regard to the limitations and conditions set forth in subdivision 2, and without regard to those set forth in section 462C.03 except section 462C.03, subdivision 10, except that in no case shall the maximum purchase price or appraised value for a dwelling unit in the multifamily housing development exceed four times the income limit established by section 462C.03, subdivision 2, unless the development is in a building officially built before 1900, designated as an historical structure under state, local, or national procedures.

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 on the program which includes such development or developments and shall be approved by the Minnesota housing finance agency as provided in section 462C.01, and on the basis of the considerations stated in section 462C.04, subdivision 2. The multifamily housing development program may include limitations or prohibitions on the assumption of the loans or other terms which are inconsistent with section 47.20, subdivision 6 or 6a, for bonds or other obligations issued by the city pursuant to section 462C.07.

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.

Subd. 7. A development may consist of a combination of a multifamily housing development and a new or existing health care facility, as defined by section 474.02, if the following conditions are satisfied:

(a) The multifamily housing development is designed and intended to be used for rental occupancy;

(b) The multifamily housing development is designed and intended to be used primarily by elderly or physically handicapped persons; and

(c) Nursing, medical, personal care, and other health related assisted living services are available on a 24-hour basis in the development to the residents.

The limitations of section 462C.04, subdivision 2, clause (c), shall not apply to projects defined in this subdivision and approved by the Minnesota housing finance agency before October 1, 1983.

The Minnesota housing finance agency shall provide, in the annual report required by section 462C.04, subdivision 2, information on the costs incurred for the issuance of bonds for projects defined in this subdivision. The report shall also include the Minnesota housing finance agency's recommendations for the regulation of costs of issuance for future issues.

History: *1979 c 306 s 5; 1980 c 593 s 9; 1981 c 306 s 15; 1981 c 327 s 1,2; 1Sp1981 c 4 art 3 s 11; 1982 c 624 s 9-12; 1983 c 185 s 13*

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 program as provided in section 462C.04, subdivision 2, 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. [Repealed, 1982 c 624 s 15]

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; 1981 c 306 s 16; 1982 c 624 s 13; 1983 c 185 s 14*

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*

462C.09 ALLOCATION OF QUALIFIED MORTGAGE BONDS.

Subdivision 1. **Housing finance agency allocation.** The applicable limit for the Minnesota housing finance agency, pursuant to section 103A (g) of the Internal Revenue Code of 1954 as amended through December 31, 1980, for any calendar year commencing with calendar year 1981, shall be 100 percent of the state ceiling for that year, reduced only by (i) any amounts of bonds which have been or may be allocated by law to specified cities and (ii) any amounts of bonds which are allocated to cities pursuant to subdivisions 2 and 3. The aggregate amount allocated to cities, under (i) or (ii), together with the amount of bonds reserved for the agency, shall not exceed the limit for the state under section 103A(g) of the Internal Revenue Code of 1954, as amended through March 1, 1982.

By August 1 of each year, any city which has received by law an allocation of the state ceiling shall submit its housing programs to the Minnesota housing finance agency for approval pursuant to section 462C.04, subdivision 2, in an amount of bonds equal to or less than, the city's allocation. If the amount of bonds, for which program approval is granted on or before September 1 is less than the amount allocated by law to the city, the applicable limit for the agency shall be increased by the difference between the amount allocated by law to the city, and the amount for which program approval has been granted.

Subd. 2. **City allocation.** Unless otherwise authorized by law, any city which intends to issue mortgage revenue bonds during any calendar year which are subject to the volume limitation imposed by section 103A(g) of the Internal Revenue Code of 1954, as amended through March 1, 1982, shall by January 2 of that year submit a program or programs to the Minnesota housing finance agency that will use a portion of the state mortgage revenue bond ceiling, provided that for calendar year 1982 programs shall be submitted by May 30, 1982. The total amount of bonds included in all programs of any city shall not exceed $10,000,000. Each program shall be accompanied by a certificate from the city that states that the revenue bond issue is feasible and that identifies the amount and sources of non-bond proceeds, if any, which will be contributed to the program to be financed by the bond issue, provided that no contribution of non-bond proceeds shall be required. By February 1, the Minnesota housing finance agency shall review each program pursuant to section 462C.04, subdivision 2, provided that for calendar year 1982, programs shall be approved by June 30, 1982. The Minnesota housing finance agency shall approve all programs that the agency determines are consistent with this chapter, provided that if the approval of all programs would result in an allocation to cities in excess of 27-1/2 percent of the state ceiling for the calendar year, reduced by any amount of bonds that are allocated by law to specified cities, the Minnesota housing finance agency shall only approve those programs based upon the following factors and based solely upon the program with accompanying information submitted to the agency. The Minnesota housing finance agency shall determine the following factors for each program:

(1) The proportion of the proposed issue which is reserved for a period of not less than six months for persons and families with incomes below 80 percent of the limits on adjusted gross income provided in section 462C.03, subdivision 2;

(2) The proportion of the proposed issue which is reserved for a period of not less than six months for persons and families with incomes below 90 percent of the limits on adjusted gross income provided in section 462C.03, subdivision 2; and

(3) The amount of non-bond proceeds, if any, as a percentage of the proposed issue, which are to be contributed to the program.

Programs shall be ranked based upon the percentage determined for factor (1) with the program having the highest percentage receiving the highest ranking. If two or more programs have the same percentage, then they shall be ranked based upon the percentages determined for factor (2) with the program receiving the highest percentage receiving the highest ranking. If two or more programs have the same percentage for factors (1) and (2), then they shall be ranked based upon the percentages determined for factor (3) with the program having the highest percentage receiving the highest ranking. If two or more programs have the same percentage for factors (1), (2), and (3), then their ranking shall be determined by lot. The Minnesota housing finance agency shall then approve programs based upon the ranking until an amount equal to 27-1/2 percent of the state ceiling for the calendar year, reduced by any amount of bonds which are allocated by law to specified cities, is allocated pursuant to this subdivision. Approval of a program shall constitute an allocation of a portion of the state ceiling for mortgage revenue bonds equal to the proposed bond issue or issues contained in the program, provided that the allocation for the lowest ranked program that receives an allocation may be equal to or less than the amount of the bond issue or issues proposed in the program.

If a city which received an allocation pursuant to this subdivision, or which has been allocated a portion of the state ceiling by law and has received approval of one or more programs, has not issued bonds by September 1 in an amount equal to the allocation, and the city intends to issue mortgage revenue bonds prior to the end of the calendar year, the city shall by September 1 submit to the Minnesota housing finance agency for each program a letter that states the city's intent to issue the mortgage revenue bonds prior to the end of the calendar year. If the Minnesota housing finance agency does not receive the letter from the city, then the allocation of the state ceiling for that program shall expire on September 1, and the applicable limit for the Minnesota housing finance agency shall be increased by an amount equal to the unused portion of the allocation to the city. A city referred to in subdivision 1, clause (i), shall not be required to apply under this subdivision with respect to bonds allocated by law to any such city. Nothing in this subdivision shall prevent any such city from applying for an additional allocation of bonds under this subdivision.

Subd. 2a. **1985 city allocation.** Notwithstanding the allocation provisions of subdivision 2, this subdivision applies to the January 1985 allocations. Unless otherwise authorized by law, a city that intends to issue during the calendar year 1985 mortgage revenue bonds that are subject to the volume limitation imposed by section 103A(g) of the Internal Revenue Code of 1954, as amended through March 1, 1983, shall by January 2, 1985 submit to the Minnesota housing finance agency a program that will use a portion of the state mortgage revenue bond ceiling. The total amount of bonds included in all programs submitted pursuant to this subdivision by a city may not exceed $10,000,000. Each program shall be accompanied by a certificate from the city that states that the revenue bond issue is feasible. By February 1, the Minnesota housing finance agency shall review each program pursuant to section 462C.04, subdivision 2. The Minnesota housing finance agency shall approve all programs that the agency determines are consistent with this chapter, and that meet the following conditions:

(a) all of the loans must be reserved for a period of not less than six months for persons and families whose adjusted family income is below 80 percent of the limits on adjusted gross income provided in section 462C.03, subdivision 2; and

(b) loans must be made only to finance homes that are serviced by municipal water and sewer utilities; provided that if the approval of all programs would result in an allocation to cities in excess of 27-1/2 percent of the state ceiling for the calendar year 1985, reduced by the amount of bonds that are allocated by law to specified cities, the Minnesota housing finance agency shall approve programs that are submitted by a city which meets any of the following three criteria: (1) a city of the first class, or (2) a city that did not receive an allocation under this subdivision during the preceding two calendar years, or (3) a group of cities that plan to jointly issue bonds for the program provided further that if approval of all of the programs submitted by cities that meet one or more of the criteria in (1), (2), or (3) would result in a total allocation to cities in excess of the portion of the state ceiling available for allocation, then from among those programs the agency shall select by lot the programs to be approved. If a portion of the state ceiling remains unallocated after the agency has approved all programs submitted by cities that meet one or more of the criteria in (1), (2), or (3), the Minnesota housing finance agency shall select by lot from among the remaining programs the programs to be approved. The Minnesota housing finance agency shall determine if a program meets the conditions in clauses (a) and (b) based solely upon the program with accompanying information submitted to the agency. Approval of a program shall constitute an allocation of a portion of the state ceiling for mortgage revenue bonds equal to the proposed bond issue or issues contained in the program, provided that the allocation for the last selected program that receives an allocation may be equal to or less than the amount of the bond issue or issues proposed in the program.

If a city which received an allocation pursuant to this subdivision, or which has been allocated a portion of the state ceiling by law and has received approval of one or more programs, has not issued bonds by September 1 in an amount equal to the allocation, and the city intends to issue mortgage revenue bonds prior to the end of the calendar year, the city shall by September 1 submit to the Minnesota housing finance agency for each program a letter that states the city's intent to issue the mortgage revenue bonds prior to the end of the calendar year. If the Minnesota housing finance agency does not receive the letter from the city, then the allocation of the state ceiling for that program shall expire on September 1, and the applicable limit for the Minnesota housing finance agency shall be increased by an amount equal to the unused portion of the allocation to the city. A city referred to in subdivision 1, clause (i), shall not be required to apply under this subdivision with respect to bonds allocated by law to any such city. Nothing in this subdivision shall prevent any such city from applying for an additional allocation of bonds under this subdivision.

Subd. 3. **Additional city allocation.** On or before September 1 of each year, the Minnesota housing finance agency shall identify the amount, if any, of its applicable limit for housing mortgage bonds for that calendar year that it does not intend to issue. Any city that intends to issue mortgage revenue bonds prior to the end of the calendar year for which it has not received an allocation of the state ceiling may submit a program for approval on or before September 1 to the Minnesota housing finance agency for a portion of the amount of the Minnesota housing finance agency's applicable limit as provided in subdivision 1 which the agency does not intend to issue. The total amount of bonds included in all programs of any city submitted pursuant to this subdivision shall not exceed $10,000,000. The program shall be accompanied by the same certificate required by subdivision 2. The Minnesota housing finance agency shall allocate the amount of the state ceiling to be allocated pursuant to this subdivision using the same factors listed in subdivision 2, provided that a program for any city receiving an allocation pursuant to subdivision 2 during the calendar year shall be ranked below all other programs if the bonds proposed in the program, when added to the bonds included in programs approved pursuant to subdivision 2, exceed $10,000,000. A city that submitted a program pursuant to subdivision 2 but that did not receive an allocation may renew its application with a letter of intent to issue. Nothing in this subdivision shall prevent any city referred to in subdivision 1, clause (i), from applying for an additional allocation of bonds under this subdivision.

Subd. 4. **Agency review.** The 30 day review requirement in section 462C.04, subdivision 2, shall not apply to programs submitted to the agency that require an allocation of the state ceiling pursuant to this section. A failure by the agency to complete any action by the dates set forth in this section shall not result in the approval of any program or the allocation of any portion of the applicable limit of the agency. Approval by the agency of programs after the dates provided in this section shall be effective in allocating a portion of the state ceiling. Programs approved by the agency may be amended with the approval of the agency under section 462C.04, subdivision 2, provided that the dollar amount of bonds for the program may not be increased.

History: *1981 c 306 s 17; 1982 c 624 s 14; 1984 c 633 s 10*

462C.10 OFFICIAL ACTION EXCEPTION.

Bonds or other obligations which were approved by official action of a city before April 25, 1979, and exempted from the provisions of the Mortgage Subsidy Bond Tax Act of 1980, P.L. 96-499, pursuant to section 1104(b) may be issued without regard to the restrictions of section 462C.07, subdivision 2, except that for the purpose of subsequent bond issues, the exempted issues shall count against the cap provided in section 462C.07, subdivision 2.

History: *1981 c 306 s 18*