

CHAPTER 462C

MUNICIPAL HOUSING PROGRAMS

462C.03 City housing plan.
462C.071 Single-family mortgage bonds;
limitations.

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financial services.

462C.03 CITY HOUSING PLAN.

[For text of subds 1 to 9, see M.S.1990]

Subd. 10. Notwithstanding any provision of this chapter, not more than 20 percent of the aggregate dollar amount of tax-exempt bond proceeds 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 tax-exempt bond 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. Notwithstanding subdivision 2, the city may use taxable bond proceeds for single family housing for persons and families with adjusted gross incomes of up to 175 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, whichever is appropriate.

[For text of subd 11, see M.S.1990]

History: 1991 c 291 art 21 s 16

462C.071 SINGLE-FAMILY MORTGAGE BONDS; LIMITATIONS.

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "Existing housing" means single-family housing that (i) has been previously occupied prior to the first day of the origination period; or (ii) has been available for occupancy for at least 12 months but has not been previously occupied.

(c) "Metropolitan area" means the metropolitan area as defined in section 473.121, subdivision 2.

(d) "New housing" means single-family housing that has not been previously occupied.

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

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

(g) "Single-family housing" means dwelling units eligible to be financed from the proceeds of qualified mortgage revenue bonds under federal law.

(h) "Structurally substandard" means containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light, ventilation, fire protection including adequate egress, layout and condition of interior partitions, or

similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.

Subd. 2. Limitation; origination period. During the first ten months of an origination period, a city may make loans financed with proceeds of mortgage bonds for the purchase of existing housing. Loans financed with the proceeds of mortgage bonds for new housing in the metropolitan area may be made during the first ten months of an origination period only if at least one of the following conditions is met:

- (1) the new housing is located in a redevelopment area;
- (2) the new housing is replacing a structurally substandard structure or structures;
- (3) the new housing is located on a parcel purchased by the city or conveyed to the city under section 282.01, subdivision 1; or
- (4) the new housing is part of a housing affordability initiative, other than those financed with the proceeds from the sale of bonds, in which federal, state, or local assistance is used to substantially improve the terms of the financing or to substantially write down the purchase price of the new housing.

Upon expiration of the first ten-month period, a city may make loans financed with the proceeds of mortgage bonds for the purchase of new and existing housing.

Subd. 3. Nonmetropolitan area. Cities shall initiate steps in the nonmetropolitan areas of the state similar to those required for the metropolitan area under subdivision 2 to encourage loans for existing housing or for new housing under the conditions specified in subdivision 2.

Subd. 4. Redevelopment area. A city located within the metropolitan area must submit to the metropolitan council the resolution adopted by the governing body of the city finding an area to be a redevelopment area and a map of the redevelopment area.

Subd. 5. Limitation; commitments and loans to builders and developers. A city may not make available, provide set-asides, or commit to make available proceeds of mortgage bonds for the exclusive use of builders or developers for loans to eligible purchasers for new housing except for new housing described in subdivision 2, clauses (1) to (3). This prohibition is in effect for the total origination period.

Subd. 6. Reporting requirement. A city that provides loans for new housing financed with the proceeds of mortgage bonds shall report to the chairs of the appropriate housing-related standing committees or divisions of the state senate and house of representatives by January 1 of each year detailing new housing activity financed with the proceeds of mortgage bonds, including a description of affordable housing initiatives, the number of loans, the average purchase price, average borrower income, and steps taken to encourage loan activity as required in subdivision 3.

History: 1991 c 346 s 2

462C.14 HOUSING PROGRAM AND DEVELOPMENTAL FINANCIAL SERVICES.

Subdivision 1. Authorization to provide services. A city, as defined in section 462C.02, subdivision 6, may provide housing program and development financial services, including mortgage banking services, for housing financed or assisted under a housing program of the city. The services provided by the city may include all housing program and development financial services, including origination of loans or other indebtedness, administration and servicing of loans or other indebtedness, arranging for mortgage insurance from private or public sources, and other related services. For this purpose, the city may exercise any of the powers relating to housing or housing finance provided in this section and the powers of a city under chapter 462C, a housing and redevelopment authority under chapter 469, or the Minnesota housing finance agency under chapter 462A. Housing program and development financial services provided by the city are determined to be for the public purpose of ensuring an adequate supply of affordable, decent, safe, and sanitary housing. A city may form a corporation under chapter 302A or 317A controlled by the city and delegate to it the power to exercise the powers granted to the city by this section.

Subd. 2. Boundary limitations. A city may provide housing program and development financial services only within its corporate boundaries, except to the extent that a joint powers agreement or contract authorizes a city to provide the services within the boundaries of another city or within the jurisdiction of a state agency.

Subd. 3. Joint action. Two or more cities, or housing and redevelopment authorities or port authorities authorized to exercise the powers of a city under chapter 462C, or a joint powers board formed by them, may act jointly pursuant to section 471.59 and this section or may delegate the exercise of their powers under this section to a corporation controlled by them. A city as defined in section 462C.02, subdivision 6, or other political subdivision or state agency may contract with the city or a joint powers board or a corporation for housing program and development financial services for housing.

Subd. 4. Obligations. The city may issue bonds or other obligations and apply their proceeds for any proper purpose of the city or a corporation formed by the city relating to housing program and development financial services. Bonds or other obligations issued for a specific program or development shall be issued only in accordance with sections 462C.01 to 462C.07 to the extent required by section 462C.08. Bonds or obligations issued for financial services purposes may be sold at public or private sale, without an election, on the terms and conditions the city shall determine. For that purpose, the city may exercise any of the powers that a housing and redevelopment authority may exercise under chapter 469, or the Minnesota housing finance agency may exercise under chapter 462A, in either case without limitation under the provisions of chapter 475. The city or corporation may purchase real or personal property used or useful for housing program or development financial services under an installment contract, or lease real or personal property with an option to purchase under a lease purchase agreement. The city may issue bonds or other obligations secured by obligations under an installment contract or lease, in the manner provided in this section for other bonds or obligations issued for financial services purposes.

History: 1991 c 342 s 10