

- 1 Housing Finance Agency
- 2
- 3 Adopted Rules Governing Cooperative or Rental Multifamily
- 4 Housing Innovative Loans
- 5
- 6 Rules as Adopted

7 4900.1220 DEFINITIONS.

8 Subpart 1. Scope. For the purposes of parts 4900.1220 to  
9 4900.1260, the following terms have the meanings given them.

10 Subp. 2. Applicant. "Applicant" means one or more persons  
11 or entities that apply for a cooperative or rental multifamily  
12 housing innovative loan.

13 Subp. 3. Borrower. "Borrower" means an applicant that is  
14 granted a cooperative or rental multifamily housing innovative  
15 loan, and that is the maker of a note in evidence of such loan.

16 Subp. 4. Cooperative or rental multifamily housing  
17 innovative loan. "Cooperative or rental multifamily housing  
18 innovative loan" means a loan to be made to a borrower under  
19 Minnesota Statutes, section 462A.05, subdivision 18a, and the  
20 proceeds of which must come from the money in the fund  
21 established by Minnesota Statutes, section 462A.21, subdivision  
22 9a.

23 Subp. 5. Democratic resident association. "Democratic  
24 resident association" means an association, incorporated or  
25 unincorporated, whose membership is limited to and open to  
26 residents of a project, and where each member of the association  
27 has an equal vote in the affairs of the association.

28 Subp. 6. Persons and families of low and moderate  
29 income. "Persons and families of low and moderate income" means  
30 those persons and families whose adjusted income does not exceed  
31 the greater of \$16,000 or 550 percent of the gross rental or  
32 annual carrying charge for the dwelling unit which they are to  
33 occupy; provided, however, that the gross rentals or annual  
34 carrying charge for at least 75 percent of the dwelling units in  
35 the project do not exceed 120 percent of the fair market rents  
36 for the geographical area in which the project is located, as

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1 determined and adjusted from time to time by the United States  
2 Department of Housing and Urban Development; provided further,  
3 that higher gross rentals or annual carrying charges may be  
4 allowed for a dwelling unit in a project if the members  
5 determine that higher gross rents and annual carrying charges  
6 are necessary because of prevailing levels of construction  
7 costs, unusually high or low family incomes, or similar factors  
8 relating to income available for housing or housing costs.

9 Subp. 7. Project. "Project" means a multifamily housing  
10 development for which a cooperative or rental multifamily  
11 housing innovative loan is requested.

12 4900.1230 ELIGIBILITY REQUIREMENTS.

13 Subpart 1. For applicants. To be eligible for selection  
14 for a cooperative or rental multifamily housing innovative loan,  
15 an applicant shall satisfy the following requirements:

16 A. The applicant shall be either a cooperative  
17 housing corporation or a limited dividend entity.

18 B. The applicant shall demonstrate the ability to  
19 organize and complete the project.

20 C. The applicant shall demonstrate that it has, or  
21 will have, the ability to repay the cooperative or rental  
22 multifamily housing innovative loan, and to obtain other  
23 financing, if needed, at the expiration of the loan.

24 D. The applicant shall have developed a training and  
25 education program for the residents of the project, and shall  
26 include a copy of the program with its application for a loan.  
27 The training and education program must include, at a minimum:

28 (1) details of how the resident association will  
29 be organized and operated;

30 (2) what the legal rights of the residents and  
31 the association are, and how the residents will be advised of  
32 these rights;

33 (3) what the financial interests and obligations  
34 of the individual residents and the association are, and how the  
35 residents will be advised of such obligations; and

36 (4) how the project will be managed and

1 maintained.

2 Subp. 2. For projects. To be eligible for selection for a  
3 cooperative or rental multifamily housing innovative loan, a  
4 project must satisfy the following requirements:

5 A. The project must be located in Minnesota.

6 B. The project must be in the form of a cooperative  
7 or rental multifamily housing development, which is either owned  
8 and operated on a nonprofit cooperative basis by the residents  
9 or owned by a limited dividend entity and operated by a  
10 residents' association.

11 C. The operation and management of the project must  
12 be substantially under the control of a democratic residents'  
13 association, which shall include the filling of housing unit  
14 vacancies.

15 4900.1240 OTHER REQUIREMENTS.

16 Subpart 1. Unavailability of financing. At the time of  
17 application for a cooperative or rental multifamily housing  
18 innovative loan, conventional financing for the purpose for  
19 which the loan is requested must not be available from private  
20 lenders upon equivalent terms and conditions.

21 Subp. 2. Occupancy. Initial occupancy in a project that  
22 receives a cooperative or rental multifamily housing innovative  
23 loan is limited to persons and families of low and moderate  
24 income as follows; provided, however, that to the extent  
25 necessary to avoid economic loss resulting from an inability to  
26 achieve full occupancy, and in order to encourage economic  
27 integration, with the prior written approval of the executive  
28 director, up to 25 percent of the units in a project may be  
29 occupied by persons and families who are not persons and  
30 families of low and moderate income.

31 Preference for occupancy in a project that receives a  
32 cooperative or multifamily housing innovative loan may not be  
33 given to persons and families by virtue of their prior residence  
34 in the community in which the project is located; except that,  
35 with the prior written approval of the executive director,  
36 preference may be given to persons and families displaced by

1 public action or natural disaster or for previous residents of  
2 the project.

3 4900.1250 SELECTION CRITERIA FOR COOPERATIVE OR RENTAL  
4 MULTIFAMILY HOUSING INNOVATIVE LOANS.

5 In determining whether or not to approve applications for  
6 cooperative or rental multifamily housing innovative loans, the  
7 agency shall examine the following facts:

8 A. the extent to which the project will provide  
9 housing to persons and families whose income is 50 percent or  
10 less of the statewide median family income, as estimated by the  
11 United States Department of Housing and Urban Development;

12 B. the extent to which the project will provide  
13 long-term affordability to persons and families of low and  
14 moderate income;

15 C. the extent to which the resident association has  
16 control over the operation and management of the housing and  
17 over the filling of housing vacancies;

18 D. the geographic location of the proposed project  
19 within Minnesota, taking into account other projects theretofore  
20 approved for cooperative or rental multifamily housing  
21 innovative loans;

22 E. the period of time required to complete the  
23 project;

24 F. the amount and term of the requested cooperative  
25 or rental multifamily housing innovative loan, as compared to  
26 the total resources of the agency available for these loans; and

27 G. whether the applicable regional development  
28 commission has determined that the project is consistent with  
29 regional plans and policies.

30 4900.1260 PROJECT FEASIBILITY LOANS.

31 The agency may consider applications for a cooperative or  
32 rental multifamily housing innovative loan, the funds from which  
33 are to be used to determine the feasibility of a project. These  
34 applications need not comply with the requirements in part  
35 4900.1230, subpart 1, item C.