

1 Minnesota Housing Finance Agency

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3 Adopted Permanent Rules Relating to Loans for Family Rental

4 Housing

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6 Rules as Adopted

7 4900.2700 SCOPE.

8 Parts 4900.2700 to 4900.2707 govern the implementation of
9 family rental housing loan programs authorized under Minnesota
10 Statutes, section 462A.21, subdivision 8b.

11 4900.2701 DEFINITIONS.

12 Subpart 1. **Scope.** The terms used in parts 4900.2700 to
13 4900.2707 have the meaning given them in this part.

14 Subp. 2. **Agency.** "Agency" means the Minnesota Housing
15 Finance Agency created by Minnesota Statutes, sections 462A.01
16 to 462A.24.

17 Subp. 3. **Applicant.** "Applicant" means one or more
18 entities that submit an application to the agency for a loan
19 under a family rental housing program.

20 Subp. 4. **Application.** "Application" means a submittal
21 requesting a loan from the agency for a family rental housing
22 program.

23 Subp. 5. **Development.** "Development" means the housing to
24 be constructed or rehabilitated by the applicant as described in
25 the application.

26 Subp. 6. **Family rental housing.** "Family rental housing"
27 means rental housing consisting of units with two or more
28 bedrooms.

29 Subp. 7. **Family rental housing program.** "Family rental
30 housing program" means a loan program authorized by Minnesota
31 Statutes, section 462A.21, subdivision 8b, for the acquisition,
32 rehabilitation, or new construction of family rental housing.

33 Subp. 8. **Loan.** "Loan" means a disbursement of funds to an
34 eligible applicant under a family rental housing program.

1 4900.2702 ELIGIBLE APPLICANTS.

2 Subpart 1. Property interest. An applicant for a family
3 rental housing program loan must, at the time of application,
4 possess one of the following interests in the property:

5 A. a fee title;

6 B. a fee title subject to a mortgage or other lien
7 securing a debt capable of prepayment or, at the option of the
8 agency, subordination; or

9 C. a mutually binding contract or option for the
10 purchase of fee title.

11 Subp. 2. Applicant eligibility. To be eligible for
12 selection as a recipient of a loan from a family rental housing
13 program, an applicant must be:

14 A. a Minnesota nonprofit entity as defined in part
15 4900.0010, subpart 21; including, but not limited to, a housing
16 and redevelopment authority established under Minnesota
17 Statutes, sections 469.001 to 469.047;

18 B. a town or home rule charter or statutory city in
19 Minnesota;

20 C. a cooperative housing corporation as defined in
21 part 4900.0010, subpart 8;

22 D. a limited dividend entity as defined in part
23 4900.0010, subpart 14;

24 E. a for profit entity to the extent authorized under
25 Minnesota Statutes, section 462A.21, subdivision 8b.

26 4900.2703 ELIGIBLE APPLICATIONS.

27 The applicant must provide an application in the form
28 prescribed by the agency. At minimum, the application shall
29 include the following:

30 A. information describing the site of the proposed
31 development including the location, present use and zoning,
32 surrounding land uses, and physical characteristics of the site
33 that might affect construction;

34 B. a description of the proposed housing development
35 including the building type, the size and number of dwelling

1 units, and the characteristics of the development that make it
2 appropriate for residency by families;

3 C. information with respect to the market for the
4 proposed development including reports of market surveys or
5 analyses, documentation of need for the development, and a
6 proposed marketing plan;

7 D. a description of the construction or
8 rehabilitation to be completed including a schedule of the
9 proposed uses of any requested loan funds and the amounts
10 proposed to be allocated to each use;

11 E. a detailed budget for the development showing all
12 development costs, operating costs, sources of financing sought
13 or secured, proposed rent schedule, and any other sources of
14 income; and

15 F. a timetable for completion of the development.

16 4900.2704 REQUIRED OCCUPANCY.

17 The dwelling units developed with loans from a family
18 rental housing program must be occupied by families whose
19 adjusted income at the time of initial occupancy does not exceed
20 60 percent of the area median income, with the area median
21 income defined as follows: the greater of the county median
22 income or the Minnesota nonmetro median average as either is
23 defined by the United States Department of Housing and Urban
24 Development.

25 4900.2705 ELIGIBLE UNITS.

26 In new construction developments, at least 80 percent of
27 the dwelling units constructed with loan funds from a family
28 rental housing program must have three or more bedrooms.

29 4900.2706 SELECTION CRITERIA.

30 The agency shall take the following criteria into
31 consideration when determining whether an application and
32 applicant will be selected for a loan from a family rental
33 housing program:

34 A. the documented need for the residential housing in

1 the proposed geographic area;

2 B. the ability of the applicant to proceed
3 expeditiously with the development;

4 C. the applicant's prior experience in developing,
5 owning, and operating residential housing;

6 D. the cost and quality of the proposed housing;

7 E. the geographic distribution of loan funds, to the
8 extent that loan funds can be used to assist projects throughout
9 the state;

10 F. the relationship of the proposed development to
11 public facilities, sources of employment, and services,
12 including public transportation, health, education, and
13 recreation facilities;

14 G. the appropriateness of the development for
15 occupancy by families; and

16 H. the extent to which the loan funds are combined
17 with other sources of funding to make the development
18 economically feasible and rents affordable for low-income
19 families.

20 4900.2707 FUNDING PRIORITY.

21 The agency shall give funding priority to developments in
22 which units are made affordable for families earning less than
23 50 percent of the area median, where the funds used to achieve
24 lower rents are from sources other than the agency.

25 Preference must be given to families with children when
26 selecting tenants for family rental housing.