

MINNESOTA STATUTES 1977 SUPPLEMENT

462A.03 HOUSING FINANCE AGENCY LAW OF 1971

CHAPTER 462A. HOUSING FINANCE AGENCY LAW OF 1971

Sec.		Sec.	
462A.03	Definitions.	462A.09	Bonds and notes; resolutions authorizing, additional terms, sale.
462A.04	Housing finance agency.	462A.20	Housing development fund; creation, sources.
462A.05	Specific powers of the agency.	462A.21	Housing development fund; advances, use repayment.
462A.065	Financial information. [New]	462A.22	Bond fund.
462A.07	Additional powers and duties of the agency.	462A.26	Repealed.

462A.03 Definitions.

[For text of subds 1 to 6, see M.S.1976]

Subd. 7. "Residential housing" means a specific work or improvement within this state undertaken primarily to provide residential care facilities for mentally ill, mentally deficient, physically handicapped, and drug dependent persons licensed or potentially eligible for licensure under rules promulgated by the commissioner of public welfare, or to provide dwelling accommodations for persons and families of low and moderate income and for other persons and families when determined to be necessary in furtherance of the policy of economic integration stated in section 462A.02, subdivision 6, including land development and the acquisition, construction or rehabilitation of buildings and improvements thereto, for residential housing, and such other nonhousing facilities as may be incidental or appurtenant thereto.

[For text of subds 8 to 12, see M.S.1976]

Subd. 13. "Eligible mortgagor" means a nonprofit or cooperative housing corporation, limited profit entity or a builder as defined by the agency in its rules, which sponsors or constructs residential housing as defined in subdivision 7, or a natural person of low or moderate income, except that the return to a limited dividend entity shall not exceed six percent of the capital contribution of the investors or such lesser percentage as the agency shall establish in its rules. Owners of existing residential housing occupied by renters shall be eligible for rehabilitation loans, only if, as a condition to the issuance of the loan, the owner agrees to conditions established by the agency in its rules relating to rental or other matters that will insure that the housing will be occupied by persons and families of low or moderate income. The agency shall require by rules that the owner give preference to those persons of low or moderate income who occupied the residential housing at the time of application for the loan.

[For text of subds 14 to 19, see M.S.1976]

[1977 c 401 s 2,3]

462A.04 Housing finance agency.

Subdivision 1. There is created a public body corporate and politic to be known as the "Minnesota Housing Finance Agency," which shall perform the governmental functions and exercise the sovereign powers delegated to it in this chapter in furtherance of the public policies and purposes declared in section 462A.02. The agency shall consist of the state planning director, state auditor, and five public members appointed by the governor with advice and consent of the senate. No more than two public members shall reside in the area of jurisdiction of the metropolitan council as provided in section 473.123, subdivision 1, and no more than one public member shall reside in any one of the development regions established under the provisions of sections 462.381 to 462.396. Each member shall hold office until his successor has been appointed and has qualified. A certificate of appointment or reappointment of any member shall be conclusive evidence of the due and proper appointment of the member.

[For text of subds 1a to 7, see M.S.1976]

MINNESOTA STATUTES 1977 SUPPLEMENT

HOUSING FINANCE AGENCY LAW OF 1971 462A.05

Subd. 8. The agency shall be under the administrative control of an executive director which office is established. He shall be appointed by the governor under the provisions of section 15.06.

The executive director may appoint a deputy director. The executive director may further appoint such permanent and temporary employees as he deems necessary subject to the approval of the commissioner of personnel. All permanent employees of the agency, except the executive director, deputy director, and five additional positions reporting directly to the director are in the classified civil service. The five additional unclassified positions permitted by this subdivision shall only be filled in the manner and pursuant to the procedures and conditions specified in section 43.09, subdivision 2a; provided, that no additional deputy commissioner positions may be created.

[For text of subd 9, see M.S.1976]

[1977 c 305 s 42; 1977 c 347 s 59]

462A.05 Specific powers of the agency.

[For text of subds 1 and 2, see M.S.1976]

Subd. 3. It may agree to purchase, make, or otherwise participate in the making and enter into commitments for the purchase, making, or participation in the making of long term eligible mortgage loans to sponsors of residential housing for occupancy by persons and families of low and moderate income, or to persons and families of low and moderate income who may purchase residential housing. The loans shall be made only upon determination by the agency that long term mortgage loans are not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions. In establishing maximum mortgage amounts and maximum purchase prices for single family dwellings, the agency shall take into account housing cost differences in the regions of the state.

[For text of subd 4, see M.S.1976]

Subd. 5. It may make temporary loans solely to "nonprofit" or "cooperative housing" sponsors as defined by the agency, with or without interest, and with such security for repayment, if any, as the agency determines reasonably necessary and practicable, solely from the housing development fund, in accordance with the provisions of section 462A.21, to defray development costs to sponsors of residential housing construction for occupancy by persons and families of low and moderate income which development costs are eligible or potentially eligible for construction loans or mortgages.

[For text of subds 6 to 13, see M.S.1976]

Subd. 14. It may agree to purchase, make, or otherwise participate in the making, and may enter into commitments for the purchase, making, or participation in the making, of eligible loans for rehabilitation to persons and families of low and moderate income, and to owners of existing residential housing for occupancy by such persons and families, for the rehabilitation of existing residential housing owned by them. The loans may be insured or uninsured and may be made with security, or may be unsecured, as the agency deems advisable. The loans may be in addition to or in combination with long term eligible mortgage loans under subdivision 3. They may be made in amounts sufficient to refinance existing indebtedness secured by the property, if refinancing is determined by the agency to be necessary to permit the owner to meet his housing cost without expending an unreasonable portion of his income thereon. No loan for rehabilitation shall be made unless the agency determines that the loan will be used primarily to make the housing more desirable to live in, to increase the market value of the housing, for compliance

462A.05 HOUSING FINANCE AGENCY LAW OF 1971

with state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing, or to accomplish energy conservation related improvements. In unincorporated areas and municipalities not having codes and standards, the agency may, solely for the purpose of administering the provisions of this chapter, establish codes and standards. No loan for rehabilitation of any property shall be made in an amount which, with all other existing indebtedness secured by the property, would exceed its market value, as determined by the agency. No loan for rehabilitation of owner occupied residential housing shall be denied solely because the loan will not be used for placing the residential housing in full compliance with all state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing. Rehabilitation loans shall be made only when the agency determines that financing is not otherwise available, in whole or in part, from private lenders upon equivalent terms and conditions.

Subd. 15. It may make grants to persons and families of low and moderate income to pay or to assist in paying a loan made pursuant to subdivision 14, or to rehabilitate or to assist in rehabilitating existing residential housing owned or occupied by such persons or families. For the purposes of this section, persons of low and moderate income include administrators appointed pursuant to section 566.25, clause (c). No grant shall be made unless the agency determines that the grant will be used primarily to make the housing more desirable to live in, to increase the market value of the housing or for compliance with state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing, or to accomplish energy conservation related improvements. In unincorporated areas and municipalities not having codes and standards, the agency may, solely for the purpose of administering this provision, establish codes and standards. No grant for rehabilitation of owner occupied residential housing shall be denied solely because the grant will not be used for placing the residential housing in full compliance with all state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing. The amount of any grant shall not exceed the lesser of (a) \$5,000, or (b) the actual cost of the work performed, or (c) that portion of the cost of rehabilitation which the agency determines cannot otherwise be paid by the person or family without spending an unreasonable portion of the income of the person or family thereon; provided, however, that a grant may exceed \$5,000 by an amount, up to \$2,500, necessary to improve the accessibility of residential housing to a handicapped occupant. In making grants, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion thereof will be repaid and shall determine the appropriate security should repayment be required.

The agency may also make grants to rehabilitate or to assist in rehabilitating housing under this subdivision to persons of low and moderate income for the purpose of qualifying as foster parents.

[For text of subds 16 and 17, see M.S.1976]

Subd. 18. It may make loans solely to "non-profit" sponsors as defined by the agency, with or without interest, and with such security for repayment, if any, as the agency determines reasonably necessary and practicable, solely from the housing development fund in accordance with the provisions of section 462A.21, subdivision 9, to encourage innovations in the development or rehabilitation of single and multifamily residential housing including the demonstration of new techniques for energy efficient construction.

It shall promulgate rules, in accordance with the provisions of sections 15.0411 to 15.052, relating to the administration of the loans authorized by this subdivision. The rules may define types of projects eligible for loans, criteria for selecting between eligible loans, terms of the loans including interest rates and loan peri-

MINNESOTA STATUTES 1977 SUPPLEMENT

HOUSING FINANCE AGENCY LAW OF 1971 462A.09

ods, and other characteristics that the agency deems necessary to administer the program.

[1977 c 401 s 4-8]

462A.065 Financial information.

Financial information, including but not limited to credit reports, financial statements and net worth calculations, received or prepared by the agency regarding any agency loan or grant and the name of each individual who is the recipient of an agency grant are private data on individuals, pursuant to section 15.162, subdivision 5a.

[1977 c 401 s 9]

462A.07 Additional powers and duties of the agency.

[For text of subds 1 to 3, see M.S.1976]

Subd. 3a. It shall make available technical assistance to potential applicants to encourage applications for multifamily housing projects which afford residents participation in the ownership or management of the project.

[For text of subds 4 and 5, see M.S.1976]

Subd. 5a. It may enter into agreements with housing and redevelopment authorities or other appropriate local governmental units to foster multifamily housing rehabilitation and shall act to develop the agreements. It may give advance reservations of mortgage financing and federal rent subsidies as part of the agreements, with the understanding that the agency will only approve the mortgage loans pursuant to normal procedures, and may adopt special procedures designed to meet problems inherent in a program of multifamily housing rehabilitation. The agreements may include the United States department of housing and urban development when desirable and appropriate.

[For text of subds 6 to 11, see M.S.1976]

Subd. 12. It may delegate, use or employ any federal, state, regional or local public or private agency or organization, including organizations of physically handicapped persons, upon terms it deems necessary or desirable, to assist in the exercise of any of the powers granted in sections 462A.01 to 462A.24 and to carry out the objectives of sections 462A.01 to 462A.24 and may pay for the services from the housing development fund.

[For text of subds 13 and 14, see M.S.1976]

[1977 c 401 s 10-12]

462A.09 Bonds and notes; resolutions authorizing, additional terms, sale.

The notes and bonds of the agency shall be authorized by a resolution or resolutions adopted by the agency, shall bear such date or dates, shall mature at such time or times, shall bear interest at such rate or rates, be in such denominations, be in such form, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States of America, at such place or places within or without the state, and be subject to such terms of redemption prior to maturity as such resolutions or certificates may provide. No note shall mature more than ten years from its date or from the date of any note refunded thereby. The maximum maturity of any bond, whether or not issued for the purpose of refunding, shall be 50 years from its date. The notes and bonds of the agency may be sold at public or private sale, at such price or prices as the agency shall determine; provided that in no event shall the net proceeds to the agency of any issuance of bonds be less than 98 percent of the face amount of the bonds. Prior to the sale of

MINNESOTA STATUTES 1977 SUPPLEMENT

462A.09 HOUSING FINANCE AGENCY LAW OF 1971

notes and bonds, the agency shall consult with the executive secretary of the state board of investment on the terms and conditions of the bonds and appropriate underwriting fees. The executive secretary of the state board of investment shall participate in the negotiations for the sale of bonds of the agency.

[1977 c 401 s 13]

462A.20 Housing development fund; creation, sources.

[*For text of subd 1, see M.S.1976*]

Subd. 2. There shall be paid into the housing development fund:

(a) Any moneys appropriated and made available by the state for the purposes of the fund;

(b) Any moneys which the agency receives in repayment of advances made from the fund;

(c) Any other moneys which may be made available to the agency for the purpose of the fund from any other source or sources;

(d) All fees and charges collected by the agency;

(e) All interest or other income not required by the provisions of a resolution or indenture securing notes or bonds to be paid into another special fund; but the agency shall not expend money for its cost of general administration of agency programs in any fiscal year in excess of such limit for such fiscal year as may be established by law. "Cost of general administration of agency programs" does not include debt service, amortization of deferred financing costs, loan origination costs, professional and other contractual services, any deposit or expenditure required to be made by the provisions of a bond or note resolution or indenture, or any deposit or expenditure made to preserve the security for the bonds or notes.

[*For text of subd 3, see M.S.1976*]

[1977 c 401 s 14]

462A.21 Housing development fund; advances, use repayment.

[*For text of subds 1 to 4, see M.S.1976*]

Subd. 4a. It may make rehabilitation grants and expenditures for correction of residential housing defects as provided in section 462A.05, subdivisions 15 and 16. In order to insure the preservation of the maximum number of housing units with the money appropriated by the legislature, grants shall be recovered by the agency to the extent provided in this section to be used for future grants. Grants made under the terms of this subdivision shall contain a requirement that the grant be recovered by the agency in accordance with the following schedule:

(1) If the property is sold, transferred, or otherwise conveyed within the first three years after the date of a grant, the recipient shall repay the full amount of the grant;

(2) If the property is sold, transferred, or otherwise conveyed within the fourth year after the date of a grant, the recipient shall repay 75 percent of the amount of the grant;

(3) If the property is sold, transferred, or otherwise conveyed within the fifth

MINNESOTA STATUTES 1977 SUPPLEMENT

HOUSING FINANCE AGENCY LAW OF 1971 462A.22

year after the date of a grant, the recipient shall repay 50 percent of the amount of the grant;

(4) If the property is sold, transferred, or otherwise conveyed within the sixth year after the date of a grant, the recipient shall repay 25 percent of the amount of the grant;

(5) If the property is sold, transferred, or otherwise conveyed within the seventh year after the date of the grant, or thereafter, there is no repayment requirement; provided that no repayment is required to the extent that the grants are made to improve the accessibility of residential housing to a handicapped occupant.

Subd. 4b. It may establish loan funds and may make eligible loans from them, at rates of interest and with security as the agency deems advisable, if each loan is determined by the agency to be necessary to permit the occupant of residential housing financed wholly or in part by the loan to meet his housing costs without expending an unreasonable portion of his income on them. It may combine loan funds established pursuant to legislative appropriations with loan funds established for the same or similar purposes pursuant to the sale of its notes or bonds, and such combined funds may be deposited with a trustee. Each combined fund, including loan and investment principal and income received therefrom, shall be administered, disbursed, and collected as provided in the appropriation act and the resolution or indenture securing the bonds or notes.

[For text of subds 4c to 7, see M.S.1976]

Subd. 8. It may establish a home ownership assistance fund, on terms and conditions it deems advisable, to assist persons and families of low and moderate income in making down payments and paying installments of eligible loans for affordable residential housing and may use the assistance payments to provide additional security for eligible loans. Any assistance in making down payments shall not exceed \$1,000 and shall be repaid in full without interest. Any assistance for payment of installments of an eligible loan shall not exceed \$75 per month; shall be applied against the monthly installments of the eligible loan; shall decrease over the term of the assistance payments, which shall not exceed 15 years; and shall be repaid in full without interest not later than the date on which the eligible loan is fully repaid.

Subd. 9. It may make loans to encourage innovations in the development or rehabilitation of single or multifamily residential housing pursuant to section 462A.05, subdivision 18. Loans pursuant to this subdivision shall only be made with money appropriated directly by the legislature specifically for this purpose.

Subd. 10. Notwithstanding the repeal of section 462A.26 and the provisions of section 16A.28 or any other law relating to lapse of an appropriation, the appropriations made to the agency by the legislature in 1976 and subsequent years are available until fully expended, and the allocations provided in the appropriations remain in effect. Earnings from investments of any of the amounts appropriated to the agency are appropriated to the agency to be used for the same purposes as the respective original appropriations.

[1977 c 401 s 15-19]

462A.22 Bond fund.

Subdivision 1. The aggregate principal amount of bonds and notes which are outstanding at any time, excluding the principal amount of any bonds and notes refunded by the issuance of new bonds or notes, shall not exceed the sum of:

(a) \$175,000,000 issued for the purpose of providing funds for rehabilitation loans, or refunding bonds or notes issued for this purpose, plus