

CHAPTER 462C

MUNICIPAL HOUSING PROGRAMS

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462C.02 DEFINITIONS.

[For text of subds 1 to 9, see M.S.1984]

Subd. 10. "Mortgage credit certificate" means any certificate which satisfies the definition of such term as contained in section 25(c)(1) of the Internal Revenue Code of 1954, as amended through July 18, 1984.

Subd. 11. "Qualified mortgage credit certificate program" means any program which satisfies the definition of such term as contained in section 25(c)(2) of the Internal Revenue Code of 1954, as amended through July 18, 1984.

History: *1Sp1985 c 14 art 8 s 21,22*

462C.03 CITY HOUSING PLAN.

Subdivision 1. The housing plan shall at a minimum 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) a general description of the program or programs to be implemented to meet the housing needs identified in the plan;
- (e) methods for monitoring the implementation by participants to insure that the programs will be consistent with the plan and its objectives; and
- (f) the administrative capacity of the city to monitor and supervise housing finance programs.

Subd. 1a. In addition to the requirements provided in subdivisions 2 and 3, if applicable, each program to be developed and administered by a city under a housing plan shall, at a minimum, set forth:

- (a) a general description of the program;
- (b) a designation of the geographic location to which the program will be limited;
- (c) in the case of a program for single family housing, the number and qualifications of lenders eligible to participate in the program;
- (d) in the case of a program for single family housing, the estimated amount of mortgage or rehabilitation loans to be made or purchased in the program;
- (e) the estimated amounts and timing of the sale of revenue bonds required to finance the program, including the funding of appropriate reserves, and paying costs of issuance;
- (f) methods for monitoring the implementation by participants to insure that the program will be consistent with the plan and its objectives;
- (g) the portion, if any, of the state ceiling for qualified mortgage bonds needed for the program;

(h) an analysis of how the program will meet the needs of low and moderate income families; and

(i) for mortgage credit certificate programs the program shall additionally set forth, or contain as an exhibit, the following:

(1) the range of credit certificate rates to be used and how the rates are assigned to certificate recipients;

(2) the nonissued bond amount as that term is used in section 25(d)(2)(B) of the Internal Revenue Code of 1954, as amended through July 18, 1984;

(3) the form used to elect under section 25(c)(2)(A)(ii) of the Internal Revenue Code of 1954, as amended through July 18, 1984;

(4) the plan submitted to the secretary of the treasury pursuant to section 25(d)(3) of the Internal Revenue Code of 1954, as amended through July 18, 1984; and

(5) how the city will ensure compliance with all of the requirements of section 25 of the Internal Revenue Code of 1954, as amended through July 18, 1984.

[For text of subds 2 to 11, see M.S.1984]

History: 1Sp1985 c 14 art 8 s 23,24

462C.04 PLAN REVIEW.

[For text of subd 1, see M.S.1984]

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. On or before the day on which notice of the public hearing is published, the city shall submit the program to the metropolitan council, if the city is located in the metropolitan area as defined in section 473.121, subdivision 2, or to the regional development commission for the area in which the city is located, if any, for review and comment. The appropriate reviewing agency shall comment on:

(a) whether the program is consistent with the housing plan of the city; and

(b) whether the program is consistent with the metropolitan development guide, if the city is located in the metropolitan area, or adopted policies of the regional development commission.

Review of the program may be conducted either by the board of the reviewing agency or by the staff of the agency. Any comment submitted by the reviewing agency to the city must be presented to the body considering the proposed program at the public hearing held on the program.

A member or employee of the reviewing agency shall be permitted to present the comments of the reviewing agency at the public hearing. After conducting the public hearing, the program may be adopted with or without amendment, provided that any amendments must not be inconsistent with the comments, if any, of the reviewing agency and must not contain any material changes from the program submitted to the reviewing agency other than changes in the financial aspects of any proposed issue of bonds or obligations. If any material change other than a change in the financial aspects of a proposed issue of bonds or obligations, or any change which is inconsistent with the comments of the reviewing agency is adopted, the amended program shall be resubmitted to the appropriate reviewing agency for review and comment, and a public hearing shall be held on the amended program after one publication of notice in a newspaper circulating generally in the city at least 15 days before the hearing. The amended program shall be considered after the public hearing in the same manner as consideration of the initial program. Each

program shall be submitted to the Minnesota housing finance agency for review. The agency shall reject any program that:

- (a) does not comply with statewide housing policies;
 - (b) if implemented will cause a material adverse effect on financing programs of the agency, will subject the interest on future bonds of the agency to federal income tax under any limitations imposed at the time by federal law;
 - (c) provides for administrative and bond issuance costs that are unreasonable;
- or
- (d) does not comply with all other requirements of sections 462C.01 to 462C.08.

The agency shall have 30 days from submission to complete its review and reject a program. Submission shall be the date on which a complete document describing the program is submitted to the agency. If the agency rejects a program it shall communicate the fact of that rejection, in writing, to the city with 15 days of the rejection. If the agency fails to reject a program within 30 days of submission, or fails to communicate a rejection, in writing, to the city within 15 days of the rejection, then the agency is precluded from rejecting the program. For purposes of sections 462C.01 to 462C.08, the agency's failure to reject a program is considered an approval of the program. 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: *1Sp1985 c 14 art 8 s 25*

462C.09 ALLOCATION OF QUALIFIED MORTGAGE BONDS.

[For text of subd 1, see M.S.1984]

Subd. 2. [Repealed, 1Sp1985 c 14 art 8 s 63]

Subd. 2a. **City allocation.** Unless otherwise authorized by law, a city that intends to issue during any calendar year 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 of that year 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 or subdivision 2 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 2a. 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 2a, provided that a program for any city receiving an allocation pursuant to subdivision 2a 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 2a, exceed \$10,000,000. A city that submitted a program pursuant to subdivision 2a 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.

[For text of subd 4, see M.S.1984]

Subd. 5. State certification. The executive director of the Minnesota housing finance agency is designated as the state official to provide the preissuance certification required by section 103A(j) (4) (A) of the Internal Revenue Code of 1954, as amended through December 31, 1984.

Subd. 6. Correction amounts for mortgage credit certificate programs. A reduction in the state ceiling for qualified mortgage bonds caused by the failure of a mortgage credit certificate program to comply with a federal statute or regulation shall be assessed against the amount of qualified mortgage bonds allocated by law, other than by way of this section, to the city which adopted the program; provided that if no such allocation exists or it is less than the correction amount determined by the secretary of the treasury, then the amount of the correction amount in excess of the allocation shall be assessed against the 27-1/2 percent of the state ceiling allocated to the cities under subdivision 2a.

History: *1Sp1985 c 13 s 345; 1Sp1985 c 14 art 8 s 26-28*

462C.11 MORTGAGE CREDIT CERTIFICATE PROGRAMS.

Subdivision 1. City program. A city may include in the housing plan a program to issue and administer mortgage credit certificates, under a qualified mortgage credit certificate program, to assist in the acquisition, qualified rehabilitation, or qualified home improvement of the recipient's principal residence.

Subd. 2. Program requirements. Mortgage credit certificate programs adopted by the city shall comply with all of the provisions of section 25 of the Internal Revenue Code of 1954, as amended through July 18, 1984.

Subd. 3. Correction amounts. Correction amounts determined by the secretary of the treasury because of the failure of a mortgage credit certificate program to comply with a federal statute or regulation shall be assessed pursuant to section 462C.09, subdivision 5.

History: *1Sp1985 c 14 art 8 s 29*

462C.12 MINNEAPOLIS/ST. PAUL HOUSING FINANCE BOARD; POWERS; JURISDICTION.

Subdivision 1. Establishment of housing board ratified. The establishment of the Minneapolis/St. Paul housing finance board in accordance with a joint powers agreement entered into between the Minneapolis community development agency and the housing and redevelopment authority of the city of St. Paul, and accepted by the cities of Minneapolis and St. Paul under section 471.59, is ratified and approved.

Subd. 2. Powers. The board is granted the following powers:

(a) The board may issue obligations and other forms of indebtedness under this section, subject to the terms and conditions set forth in the joint powers agreement, as may be from time to time amended.

(b) The board is authorized to exercise the powers conferred upon the cities of Minneapolis and St. Paul and their designated housing and redevelopment authorities, or the powers of an agency exercising the powers of a housing and redevelopment authority by this chapter and chapter 462 and any other general or special law of the state of Minnesota relating to housing or housing finance. The powers which may be exercised by the board include, without limitation, the power to undertake

and implement projects, developments, or programs, the power to issue and sell obligations and other forms of indebtedness payable exclusively from the revenues of the programs, projects, or developments undertaken by the board, or any of the powers the Minnesota housing finance agency may exercise under chapter 462A, provided that the obligations and other forms of indebtedness may be sold upon terms and conditions as the board may from time to time determine. The board may exercise the powers conferred by this section only with respect to projects, programs, or developments within the corporate limits of the cities of Minneapolis and St. Paul, except as may be otherwise provided in a joint powers agreement entered into under section 471.59 between the board and any other city, housing and redevelopment authority, or port authority in the state of Minnesota.

(c) For the purposes of section 462C.09, the board may be authorized by the cities of Minneapolis and St. Paul, or by any other city with which the board enters into a joint powers agreement, to issue revenue bonds or obligations in an amount not to exceed the amount of bonds allocated by general or special law to such cities, or the board may issue mortgage credit certificates in lieu thereof.

Subd. 3. Jurisdiction. Notwithstanding any other provision of law, the territorial jurisdiction of the board shall extend to all of the area within the corporate limits of the cities of Minneapolis and St. Paul and shall for the purposes of any particular project, development, or program undertaken in whole or part for any other city include all of the area within the corporate limits of the city. For the purposes of any provision of law intended to apply within a particular jurisdiction, the provision shall be construed to apply to the entire area within the corporate limits of the cities of Minneapolis and St. Paul, together with the entire area within the corporate limits of any other city with which the board has entered into a joint powers agreement and on whose behalf a project, development, or program is undertaken or implemented, or on whose behalf obligations or other forms of indebtedness are issued by the board.

Subd. 4. Powers supplementary. The powers granted by this section are in addition and supplemental to the powers granted by section 471.59, or the law under which a project, development, or program is undertaken or implemented by the board, or under which the board issues obligations or other forms of indebtedness.

History: *1Sp1985 c 14 art 8 s 30*