

## CHAPTER 462C

## MUNICIPAL HOUSING PROGRAMS

462C.02 Definitions.  
 462C.04 Plan review.  
 462C.05 Multifamily housing developments  
 and health care facilities.

462C.06 County housing and redevelopment  
 authority acting on behalf of city.  
 462C.11 Mortgage credit certificate programs.  
 462C.12 Minneapolis/St. Paul housing finance  
 board; powers; jurisdiction.

**462C.02 DEFINITIONS.**

*[For text of subds 1 to 5, see M.S.1986]*

Subd. 6. "City" means any statutory or home rule charter city, a county housing and redevelopment authority created by special law or authorized by its county to exercise its powers pursuant to section 469.004, or any public body which (a) is the housing and redevelopment authority in and for a statutory or home rule charter city, the port authority of a statutory or home rule charter city, or an economic development authority of a city established under sections 469.090 to 469.108, and (b) is authorized by ordinance to exercise, on behalf of a statutory or home rule charter city, the powers conferred by sections 462C.01 to 462C.10.

*[For text of subds 7 and 8, see M.S.1986]*

Subd. 9. "Targeted area" means

- (a) a development district established pursuant to section 469.126,
- (b) a development district established pursuant to Laws 1971, chapter 677 as amended,
- (c) a redevelopment project established pursuant to section 462.521,
- (d) an industrial development district established pursuant to section 458.191,
- (e) a census tract in which 70 percent or more of the families have income which is 80 percent or less of the statewide median family income as estimated by the United States Department of Housing and Urban Development,
- (f) an area of chronic economic distress designated by the Minnesota housing finance agency, or
- (g) an economic development district established pursuant to section 458C.14.

*[For text of subds 10 and 11, see M.S.1986]*

**History:** 1987 c 291 s 219,220

**462C.04 PLAN REVIEW.**

*[For text of subd 1, see M.S.1986]*

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 within 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:** 1987 c 384 art 1 s 40

#### **462C.05 MULTIFAMILY HOUSING DEVELOPMENTS AND HEALTH CARE FACILITIES.**

Subdivision 1. A city may also include in the housing plan, a program or programs to administer, and make or purchase a loan or loans to finance one or more multifamily housing developments within its boundaries, of the kind described in subdivision 2, 3, 4 or 7, and upon the conditions set forth in this section. A loan may be made or purchased for

- (a) the acquisition and preparation of a site and the construction of a new development,
- (b) the rehabilitation of an existing building and site and the discharge of any lien or other interest in the building and site,
- (c) for the acquisition of an existing building and site and the rehabilitation thereof,

(d) for the acquisition of an existing building and site for purposes of conversion to limited equity cooperative ownership by low or moderate income families, or

(e) for the acquisition, or acquisition and improvement, of an existing building and site by a nonprofit corporation which will operate the building as a multifamily housing development for rental primarily to elderly or handicapped persons.

With respect to loans made or purchased pursuant to clause (b) or (c), the cost of rehabilitation of an existing building must be estimated to equal at least \$1,000 per dwelling unit or 20 percent of the appraised value of the original building and site whichever is less, except that with respect to rehabilitation which consists primarily of improvement of the property with facilities or improvements to conserve energy or convert or retrofit for use of alternative energy sources, rehabilitation loans may be made without regard to cost; and at least a substantial portion of such rehabilitation cost must be estimated to be incurred for compliance with building codes or conservation of energy.

Each development upon completion shall comply with all applicable code requirements. A loan or loans may be made or purchased for either the construction or the long-term financing of a development, or both, including the financing of the acquisition of dwelling units and interests in common facilities provided therein, by persons to whom such units and facilities may be sold as contemplated in chapter 515 or 515A or any supplemental or amendatory law thereof or as contemplated for a development consisting of cooperative housing.

Substantially all of the proceeds of each loan shall be used to pay the cost of a multifamily housing development, including property functionally related and subordinate to it; but nothing herein prevents the construction or acquisition of the development over, under, or adjacent to, and in conjunction with facilities to be used for purposes other than housing.

*[For text of subds 2 to 6, see M.S.1986]*

Subd. 7. A development may consist of a combination of a multifamily housing development and a new or existing health care facility, as defined by section 469.153, if the following conditions are satisfied:

(a) The multifamily housing development is designed and intended to be used for rental occupancy;

(b) The multifamily housing development is designed and intended to be used primarily by elderly or physically handicapped persons; and

(c) Nursing, medical, personal care, and other health related assisted living services are available on a 24-hour basis in the development to the residents.

The limitations of section 462C.04, subdivision 2, clause (c), shall not apply to projects defined in this subdivision and approved by the Minnesota housing finance agency before October 1, 1983.

The Minnesota housing finance agency shall provide, in the annual report required by section 462C.04, subdivision 2, information on the costs incurred for the issuance of bonds for projects defined in this subdivision. The report shall also include the Minnesota housing finance agency's recommendations for the regulation of costs of issuance for future issues.

**History:** 1987 c 291 s 221; 1987 c 344 s 8

#### **462C.06 COUNTY HOUSING AND REDEVELOPMENT AUTHORITY ACTING ON BEHALF OF CITY.**

A housing and redevelopment authority in and for a county may exercise the powers conferred by sections 462C.01 to 462C.10 either (1) on its own behalf or (2) on behalf of a city (other than a county housing and redevelopment authority), if the city authorizes the housing and redevelopment authority in and for the county in which the city is located to exercise such powers and the county has authorized its housing and redevelopment authority to exercise its powers pursuant to section 469.004 or the

county housing and redevelopment authority has been created by special law; provided, however, that any program undertaken pursuant to this section is subject to the limitations of sections 462C.03 and 462C.04 in the case of a single-family housing program, and subject to the limitations of section 462C.05 in the case of a multifamily housing development program.

**History:** 1987 c 291 s 222

#### 462C.11 MORTGAGE CREDIT CERTIFICATE PROGRAMS.

*[For text of subd 1, see M.S.1986]*

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 1986.

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 against the amount of qualified mortgage bonds allocated by chapter 474A to the issuer which adopted the program. If no 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 multifamily housing pool.

**History:** 1987 c 268 art 16 s 43,44

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

*[For text of subd 1, see M.S.1986]*

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, port authority or economic development authority established under sections 458C.01 to 458C.23 in the state of Minnesota.

(c) For the purposes of section 474A.07, 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.

*[For text of subs 3 and 4, see M.S.1986]*

**History:** 1987 c 384 art 1 s 41