

CHAPTER 462A

HOUSING FINANCE AGENCY

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462A.03 DEFINITIONS.

[For text of subds 1 to 14, see M.S.1992]

Subd. 15. **Rehabilitation.** "Rehabilitation" means the repair, reconstruction, or improvement of existing residential housing with the object of making such residential housing decent, safe, sanitary and more desirable to live in, of greater market value or in conformance with state, county, or city health, housing, building, fire prevention, and housing maintenance codes, and lead and other public standards applicable to housing, as determined by the agency.

[For text of subds 16 to 22, see M.S.1992]

History: 1Sp1993 c 1 art 9 s 74

462A.05 SPECIFIC POWERS OF THE AGENCY.

[For text of subds 1 to 14, see M.S.1992]

Subd. 14a. **Rehabilitation loans; existing owner occupied residential housing.** It may make loans to persons and families of low and moderate income to rehabilitate or to assist in rehabilitating existing residential housing owned and occupied by those persons or families. No loan shall be made unless the agency determines that the loan will be used primarily for rehabilitation work necessary for health or safety, essential accessibility improvements, or to improve the energy efficiency of the dwelling. 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. The amount of any loan shall not exceed the lesser of (a) \$10,000, 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 the expenditure of an unreasonable portion of the income of the person or family. Loans made in whole or in part with federal funds may exceed the maximum loan amount to the extent necessary to comply with federal lead abatement requirements prescribed by the funding source. In making loans, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion of the loan will be repaid and shall determine the appropriate security for the repayment of the loan. Loans pursuant to this subdivision may be made with or without interest or periodic payments. Loans made without interest or periodic payments need not be repaid by the borrower if the property for which the loan is made has not been sold, transferred, or otherwise conveyed nor has it ceased to be the principal place of residence of the borrower, within ten years after the date of the loan.

[For text of subds 14b to 23, see M.S.1992]

Subd. 24. **Housing for elderly, persons with physical or developmental disabilities, and single parent families.** It may engage in housing programs for low- and moderate-income elderly, persons with physical or developmental disabilities, or single parent families in the case of home sharing programs, as defined by the agency, to provide grants or loans, with or without interest, for:

- (1) accessibility improvements to residences occupied by elderly persons;
- (2) housing sponsors, as defined by the agency, of home sharing programs to match existing homeowners with prospective tenants who will contribute either rent or services to the homeowner, where either the homeowner or the prospective tenant is elderly, a person with physical or developmental disabilities, or the head of a single parent family;
- (3) the construction of or conversion of existing buildings into structures for occupancy by the elderly that contain from three to 12 private sleeping rooms with shared cooking facilities and common space; and
- (4) housing sponsors, as defined by the agency, to demonstrate the potential for home equity conversion in Minnesota for the elderly, in both rural and urban areas, and to determine the need in those equity conversions for consumer safeguards.

In making the grants or loans, the agency shall determine the terms and conditions of repayment and the appropriate security, if any, should repayment be required. The agency may provide technical assistance to sponsors of home sharing programs or may contract or delegate the provision of the technical assistance in accordance with section 462A.07, subdivision 12.

Housing sponsors who receive funding through these programs shall provide homeowners and tenants participating in a home sharing program with information regarding their rights and obligations as they relate to federal and state tax law including, but not limited to, taxable rental income, homestead credit under chapter 273, and the property tax refund act under chapter 290A.

[For text of subs 25 to 36, see M.S.1992]

Subd. 37. [Repealed, 1993 c 236 s 19]

[For text of subd 38, see M.S.1992]

History: 1993 c 236 s 1,2

462A.057 MINNESOTA RURAL AND URBAN HOMESTEADING PROGRAM.

Subdivision 1. **Establishment; purpose.** The agency may establish the Minnesota rural and urban homesteading program for the purpose of making grants or loans to eligible applicants to acquire, rehabilitate, and sell single-family residential properties in need of rehabilitation to home buyers committed to strengthening the neighborhood and following a good neighbor policy.

History: 1993 c 369 s 136

462A.07 ADDITIONAL POWERS AND DUTIES OF THE AGENCY.

[For text of subs 1 to 13, see M.S.1992]

Subd. 14. **American Indians.** (a) It may engage in housing programs for low- and moderate-income American Indians developed and administered separately or in combination by the Minnesota Chippewa tribe, the Red Lake band of Chippewa Indians, and the Sioux communities as determined by such tribe, band, or communities. In furtherance of the policy of economic integration stated in section 462A.02, subdivision 6, it may engage in housing programs for American Indians who intend to reside on reservations and who are not persons of low and moderate income, provided that the aggregate dollar amount of the loans for each lender's fiscal year shall not exceed an amount equal to 25 percent of the total dollar amount of all loans made by that lender during the lender's fiscal year at the time of loan application. In developing such hous-

ing programs, the tribe, band, or communities shall take into account the housing needs of all American Indians residing both on and off reservations within the state. A plan for each such program, which specifically describes the program content, utilization of funds, administration, operation, implementation and other matter, as determined by the agency, must be submitted to the agency for its review and approval prior to the making of eligible loans pursuant to section 462A.21. All such programs must conform to rules promulgated by the agency concerning program administration, including but not limited to rules concerning costs of administration; the quality of housing; interest rates, fees, and charges in connection with making eligible loans; and other matters determined by the agency to be necessary in order to effectuate the purposes of this subdivision and section 462A.21, subdivisions 4b and 4c. All such programs must provide for a reasonable balance in the distribution of funds appropriated for the purpose of this section between American Indians residing on and off reservations within the state. Nothing in this section shall preclude such tribe, band, or communities from requesting and receiving cooperation, advice, and assistance from the agency as regards program development, operation, delivery, financing, or administration. As a condition to the making of such eligible loans, the Minnesota Chippewa tribe, the Red Lake band of Chippewa Indians, and the Sioux communities shall:

(1) enter into a loan agreement and other contractual arrangements with the agency for the purpose of transferring the allocated portion of loan funds as set forth in section 462A.26 and to insure compliance with the provisions of this section and this chapter; and

(2) agree that all of their official books and records related to such housing programs shall be subjected to audit by the legislative auditor in the manner prescribed for agencies of state government.

The agency shall submit a biennial report concerning the various housing programs for American Indians, and related receipts and expenditures as provided in section 462A.22, subdivision 9, and such tribe, band, or communities to the extent that they administer such programs, shall be responsible for any costs and expenses related to such administration provided, however, they shall be eligible for payment for costs, expenses, and services pursuant to subdivision 12 and section 462A.21. The agency may provide or cause to be provided essential general technical services as set forth in subdivision 2, and general consultative project assistance services, including, but not limited to, management training, and home ownership counseling as set forth in subdivision 3. Members of boards, committees, or other governing bodies of the tribe, band, and communities administering the programs authorized by this subdivision must be compensated for those services as provided in section 15.0575. Rules promulgated under this subdivision may be promulgated as emergency rules under chapter 14.

(b) The agency may engage in demonstration projects to encourage the participation of financial institutions or other leveraging sources in providing housing opportunities for American Indians. The agency shall consult with the Minnesota Chippewa tribe, the Red Lake band of Chippewa Indians, and the Sioux communities in developing the demonstration projects. The income limits specified in paragraph (a) do not apply to the demonstration projects.

Subd. 15. Urban Indian housing program. It may engage in housing programs for low and moderate income American Indians residing in the metropolitan area defined in section 473.121, subdivision 2, cities with a population greater than 50,000 persons, and cities with an American Indian population greater than 1,000 persons. The programs shall demonstrate innovative methods of providing housing for urban Indians, may involve the construction, purchase, and rehabilitation of residential housing, and may be administered through any other provision of this chapter. To the extent possible, the programs shall combine appropriated money with other money from both public and private sources, except that interest earned on the portion of an appropriation to be expended for Indian housing programs in the city of Duluth does not have to be combined with money from other sources. Effective June 30, 1985, all money allocated by the agency under this subdivision to programs for urban Indian housing that are not

subject to active contracts shall be reallocated by the agency to programs to fulfill the purposes of this subdivision. Members of boards, committees, or other governing bodies of organizations administering the urban Indian programs authorized by this subdivision must be compensated for those services as provided in section 15.0575. The agency shall consult with the advisory council on urban Indians created pursuant to section 3.922, subdivision 8, in the development of programs pursuant to this subdivision.

[For text of subd 16, see M.S.1992]

History: 1993 c 236 s 3,4

462A.201 HOUSING TRUST FUND ACCOUNT.

[For text of subd 1, see M.S.1992]

Subd. 2. Low-income housing. (a) The agency may, in consultation with the advisory committee, use money from the housing trust fund account to provide loans or grants for projects for the development, construction, acquisition, preservation, and rehabilitation of low-income rental and limited equity cooperative housing units and homes for ownership. No more than 20 percent of available funds may be used for home ownership projects.

(b) The project must meet one of the following income tests:

(1) at least 75 percent of the rental and cooperative units, and 100 percent of the homes for ownership, must be rented to or cooperatively owned, or owned by persons and families whose income does not exceed 30 percent of the median family income for the metropolitan area as defined in section 473.121, subdivision 2; or

(2) all of the units funded by the housing trust fund account must be used for the benefit of persons and families whose income does not exceed 30 percent of the median family income for the metropolitan area as defined in section 473.121, subdivision 2.

The median family income may be adjusted for families of five or more.

(c) In making the grants, the agency shall determine the terms and conditions of repayment and the appropriate security, if any, should repayment be required. To promote the geographic distribution of grants and loans, the agency may designate a portion of the grant or loan awards to be set aside for projects located in specified congressional districts or other geographical regions specified by the agency. The agency may adopt emergency and permanent rules for awarding grants and loans under this subdivision. The emergency rules are effective for 180 days or until the permanent rules are adopted, whichever occurs first.

[For text of subds 3 and 4, see M.S.1992]

Subd. 5. [Repealed, 1993 c 309 s 32]

[For text of subd 6, see M.S.1992]

History: 1993 c 236 s 5

462A.202 LOCAL GOVERNMENT UNIT HOUSING ACCOUNT.

[For text of subds 1 to 6, see M.S.1992]

Subd. 7. Restrictions. (a) Except as provided in paragraphs (b), (c), (d), and (e), the city must own the property financed with a loan under this section and use the property for the purposes specified in this section:

(1) the city may sell the property at its fair market value provided it repays the lesser of the net proceeds of the sale or the amount of the loan balance to the agency for deposit in the local government unit housing account; or

(2) the city may use the property for a different purpose provided that the city repays the amount of the original loan.

If the city owns and uses the property for the purposes specified in this section for a 20-year period, the agency shall forgive the loan.

(b) In cases where the property consists of land only, including land on which buildings acquired with a loan under this section are demolished by the city, the city may lease the property for a term not to exceed 99 years to a nonprofit corporation to use for the purposes specified in this section.

(c) In cases where the property consists of land and buildings, the city may do the following:

(1) demolish the buildings in whole or in part and use or lease the property under paragraph (b);

(2) sell the buildings to a nonprofit corporation to use for the purposes specified in this section. If sold, the city must sell the buildings for fair market value and repay the proceeds of the sale to the agency for deposit in the local government unit housing account;

(3) lease the buildings to a nonprofit corporation to use for the purposes specified in this section. If leased, except as provided in paragraph (d), the annual rental must equal the amount of the loan attributable to the cost of the buildings, divided by the number of years of useful life of the buildings as determined in accordance with generally accepted accounting principles. For purposes of determining the required rental, the purchase price of land and buildings must be allocated between them based on standard valuation procedures; or

(4) contract with a nonprofit organization to manage the property.

(d) A city may lease a building to a nonprofit organization for a nominal amount under the following conditions:

(1) the lease does not exceed ten years;

(2) the city must have the option to cancel the lease with or without cause at the end of any three-year period; and

(3) the city must determine annually that the property is being used for the purposes specified in this section and that the terms of the lease, including any income limits for residents, are being met.

(e) A city may sell single-family residential housing directly to persons and families of low and moderate income.

History: 1993 c 236 s 6

462A.204 FAMILY HOMELESS PREVENTION AND ASSISTANCE PROGRAM.

Subdivision 1. Establishment. The agency may establish a family homeless prevention and assistance program to assist families who are homeless or are at imminent risk of homelessness. The agency may make grants to develop and implement family homeless prevention and assistance projects under the program. For purposes of this section, "families" means families and persons under the age of 18.

Subd. 2. Selection criteria. The agency shall award grants to counties with a significant number or significant growth in the number of homeless families and that agree to focus their emergency response systems on homeless prevention and the securing of permanent or transitional housing for homeless families. The agency shall take into consideration the extent to which the proposed project activities demonstrate ways in which existing resources in an area may be more effectively coordinated to meet the program objectives specified under this section in awarding grants.

Subd. 3. Set aside. At least one grant must be awarded in an area located outside of the metropolitan area as defined in section 473.121, subdivision 2. A county, a group of contiguous counties jointly acting together, or a community-based nonprofit organization with a sponsoring resolution from each of the county boards of the counties located within its operating jurisdiction may apply for and receive grants for areas located outside the metropolitan area.

Subd. 4. Project requirements. Each project must be designed to stabilize families

in their existing homes, shorten the amount of time that families stay in emergency shelters, and assist families with securing transitional or permanent affordable housing throughout the grantee's area of operation. Each project must include plans for the following:

- (1) use of existing housing stock, including the maintenance of current housing for those at risk;
- (2) leveraging of private and public money to maximize the project impact;
- (3) coordination and use of existing public and private providers of rental assistance, emergency shelters, transitional housing, and affordable permanent housing;
- (4) targeting of direct financial assistance including assistance for rent, utility payments or other housing costs, and support services, where appropriate, to prevent homelessness and repeated episodes of homelessness;
- (5) efforts to address the needs of specific homeless populations;
- (6) identification of outcomes expected from the use of the grant award; and
- (7) description of how the organization will use other resources to address the needs of homeless individuals.

Subd. 5. Authorized uses of grant. A grant may be used to prevent or decrease the period of homelessness of families and to decrease the time period that families stay in emergency shelters. Grants may not be used to acquire, rehabilitate, or construct emergency shelters or transitional or permanent housing. Grants may not be used to pay more than 24 months of rental assistance for a family.

Subd. 6. Advisory committee. Each grantee shall establish an advisory committee consisting of a homeless advocate, a homeless person or formerly homeless person, a member of the state interagency task force on homelessness, local representatives, if any, of public and private providers of emergency shelter, transitional housing, and permanent affordable housing, and other members of the public not representatives of those specifically described in this sentence. The grantee shall consult on a regular basis with the advisory committee in preparing the project proposal and in the design, implementation, and evaluation of the project. The advisory committee shall assist the grantee as follows:

- (1) designing or refocusing the grantee's emergency response system;
- (2) developing project outcome measurements; and
- (3) assessing the short- and long-term effectiveness of the project in meeting the needs of families who are homeless, preventing homelessness, identifying and developing innovative solutions to the problem of homeless families, and identifying problems and barriers to providing services to homeless families.

Subd. 7. Reporting requirements. Each grantee shall submit an annual project report to the state interagency task force on homelessness. The report must include the actual program results compared to program objectives. The state interagency task force shall report on program activities to all state agencies that provide assistance or services to homeless persons.

History: 1993 c 369 s 137

462A.205 RENT ASSISTANCE FOR FAMILY STABILIZATION DEMONSTRATION PROJECT.

[For text of subd 1, see M.S.1992]

Subd. 2. Definitions. For the purposes of this section, the following terms have the meanings given them.

(a) "Caretaker parent" means a parent, relative caretaker, or minor caretaker as defined by the aid to families with dependent children program, sections 256.72 to 256.87.

(b) "Counties with high average housing costs" means counties whose average federal section 8 fair market rents as determined by the Department of Housing and Urban Development are in the highest one-third of average rents in the state.

(c) "Designated rental property" is rental property (1) that is made available by a self-sufficiency program for use by participating families and meets federal section 8 existing quality standards, or (2) that has received federal, state, or local rental rehabilitation assistance since January 1, 1987, and meets federal section 8 existing housing quality standards.

(d) "Gross family income" for a family receiving rental assistance under this section means the gross amount of the wages, salaries, social security payments, pensions, workers' compensation, unemployment compensation, public assistance payments, alimony, child support, and income from assets received by the family.

(e) "Local housing organization" means the agency of local government responsible for administering the Department of Housing and Urban Development's section 8 existing voucher and certificate program or a nonprofit or for-profit organization experienced in housing management.

(f) "Public assistance" means aid to families with dependent children, family general assistance, or family work readiness.

(g) "Self-sufficiency program" means a program operated by a certified employment and training service provider as defined in section 256.736, subdivision 1a, paragraph (e), an employability program administered by a community action agency, or courses of study at an accredited institution of higher education pursued with at least half-time student status.

Subd. 3. Local housing organization. The agency may contract with a local housing organization to administer the rent assistance under this section. The agency may pay the local housing organization an administrative fee. The administrative fee may not exceed \$40 per unit per month.

Subd. 4. Amount and payment of rent assistance. (a) This subdivision applies to both the voucher option and the project-based voucher option.

(b) Within the limits of available appropriations, eligible families may receive monthly rent assistance for a 36-month period starting with the month the family first receives rent assistance under this section. The amount of the family's portion of the rental payment is equal to at least 30 percent of gross income.

(c) The rent assistance must be paid by the local housing organization to the property owner.

(d) Subject to the limitations in paragraph (e), the amount of rent assistance is the difference between the rent and the family's portion of the rental payment.

(e) In no case:

(1) may the amount of monthly rent assistance be more than \$200;

(2) may the owner receive more rent for assisted units than for comparable unassisted units; nor

(3) may the amount of monthly rent assistance be more than the difference between the family's portion of the rental payment and the fair market rent for the unit as determined by the Department of Housing and Urban Development.

Subd. 4a. Additional authorized expenses. In addition to the monthly rent assistance authorized under subdivision 4, rent assistance may include up to \$200 for a security deposit.

Subd. 5. Voucher option. At least one-half of the appropriated funds must be made available for a voucher option. Under the voucher option, the Minnesota housing finance agency, in consultation with the department of human services, will award a number of vouchers to self-sufficiency program administrators for participating families. Families may use the voucher for any rental housing that is certified by the local housing organization as meeting section 8 existing housing quality standards.

Subd. 6. Project-based voucher option. A portion of the appropriated funds must be made available for a project-based voucher option. Under the project-based voucher option, the Minnesota housing finance agency, in consultation with the department of human services, will award a number of vouchers to self-sufficiency program adminis-

trators for participating families who live in designated rental property that is certified by a local housing organization as meeting section 8 existing housing quality standards. The Minnesota housing finance agency and local housing organizations must work with self-sufficiency program administrators to identify rental property that has received rental rehabilitation assistance since January 1, 1987. The agency may set aside a portion of the funds to be used in connection with rental rehabilitation projects which will be completed by July 1, 1992.

Subd. 7. Property owner. In order to receive rent assistance payments, the property owner must enter into a standard lease agreement with the family which includes a clause providing for good cause evictions only. Otherwise, the lease may be any standard lease agreement. The agency and local housing organizations must make model lease agreements available to participating families and property owners.

Subd. 8. Authorized leverage of money. The agency may leverage federal program money with program money from the family stabilization demonstration project authorized under this section.

History: 1993 c 236 s 7-14

462A.206 COMMUNITY REHABILITATION FUND ACCOUNT.

Subdivision 1. Account. The community rehabilitation fund account is established as a separate account in the housing development fund. Money in the account is appropriated to the agency for the purposes specified in this section.

Subd. 2. Authorization. The agency may make grants or loans to cities for the purposes of construction, acquisition, rehabilitation, demolition, permanent financing, refinancing, or gap financing of single or multifamily housing. Gap financing is financing for the difference between the cost of the improvement of the blighted property, including acquisition, demolition, rehabilitation, and construction, and the market value of the property upon sale. The agency shall take into account the amount of money that the city leverages from other sources in awarding grants and loans. Cities may use the grants and loans to establish revolving loan funds and to provide grants and loans to eligible mortgagors. The city may determine the terms and conditions of the grants and loans. An agency loan may only be used by a city to make loans.

Subd. 3. Requirements. Grants or loans made under this section must be used for housing rented to or owned by persons or families with income less than or equal to 115 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development. If a grant or loan is used for demolition, the cleared land must be used for the construction of housing to be rented to or owned by persons or for other housing-related purposes primarily for the benefit of persons residing in the adjacent housing.

Subd. 4. Designated areas. For the purposes of focusing resources, a city located in a metropolitan statistical area must designate neighborhoods within which the grants or loans may be used, and a city located outside of a metropolitan statistical area must designate a geographic area within which the grants or loans may be used.

Subd. 5. Other eligible organizations. A nonprofit organization is eligible to apply directly for grants or loans from the community rehabilitation fund account if the city within which it is located enacts a resolution authorizing the organization to apply on the city's behalf.

History: 1993 c 236 s 15

462A.207 MORTGAGE FORECLOSURE PREVENTION AND EMERGENCY RENTAL ASSISTANCE PROGRAM.

Subdivision 1. Establishment. The agency shall, within the limits of available appropriations, establish a mortgage foreclosure prevention and emergency rental assistance program to provide assistance to low-income and moderate-income persons who are facing the loss of their housing due to circumstances beyond their control. Priority for assistance under this section must be given to persons and families at or below

60 percent of area median income, adjusted for family size, as determined by the department of housing and urban development.

Subd. 2. Administration. The agency may contract with community-based, non-profit organizations that meet the requirements specified in this section to provide either mortgage foreclosure assistance or rental assistance, or both. Preference must be given to nonprofit organizations that demonstrate the greatest ability to leverage program money with other sources of funding, or to organizations serving areas without access to mortgage foreclosure assistance or rental assistance. The agency may require an organization to match program money with other money or resources.

Subd. 3. Organization eligibility. A nonprofit organization must be able to demonstrate that it is qualified to deliver program services, has relevant expertise in mortgage foreclosure prevention or landlord and tenant procedures, and is able to perform the duties required under the program. An organization must provide the agency with a detailed description of how the proposed program would be administered, including the qualifications of staff. An organization may not be part of, nor affiliated with, a mortgage lender nor provide assistance to a household which occupies a housing unit owned or managed by the organization.

Subd. 4. Selection criteria. The agency shall take the following criteria into consideration when determining whether an organization is qualified to administer the program:

- (1) the prior experience of the nonprofit organization in establishing, administering, and maintaining a mortgage foreclosure prevention or a rental assistance program;
- (2) the documented familiarity of the organization regarding mortgage foreclosure prevention procedures, landlord and tenant procedures, and other services available to assist with preventing the loss of housing;
- (3) the reasonableness of the proposed budget in meeting the program objectives;
- (4) the documented ability of the organization to provide financial assistance; and
- (5) the documented ability of the organization to provide mortgage foreclosure prevention or other financial or tenant counseling.

Subd. 5. Designated areas. A program administrator must designate specific areas, communities, or neighborhoods within which the program is proposed to be operated for the purpose of focusing resources.

Subd. 6. Assistance. (a) Program assistance includes general information, screening, assessment, referral services, case management, advocacy, and financial assistance to borrowers who are delinquent on mortgage, contract for deed, or rent payments.

(b) Not more than one-half of program funding may be used for mortgage or financial counseling services.

(c) Financial assistance consists of:

(1) payments for delinquent mortgage or contract for deed payments, future mortgage or contract for deed payments for a period of up to six months, property taxes, assessments, utilities, insurance, home improvement repairs, or other costs necessary to prevent foreclosure; or

(2) delinquent rent payments, utility bills, any fees or costs necessary to redeem the property, future rent payments for a period of up to six months, and relocation costs if necessary.

(d) An individual or family may receive the lesser of six months or \$4,500 of financial assistance.

Subd. 7. Repayment. The agency may require the recipient of financial assistance to enter into an agreement with the agency for repayment. The repayment agreement for mortgages or contract for deed buyers must provide that in the event the property is sold, transferred, or otherwise conveyed, or ceases to be the recipient's principal place of residence, the recipient shall repay all or a portion of the financial assistance. The agency may take into consideration financial hardship in determining repayment requirements. The repayment agreement may be secured by a lien on the property for the benefit of the agency.

Subd. 8. Report. By January 10 of every year, each nonprofit organization that delivers services under this section must submit a report to the agency that summarizes the number of people served, the number of applicants who were not served, sources and amounts of nonstate money used to fund the services, and the number and type of referrals to other service providers. The agency shall annually submit a report to the legislature by February 15 that summarizes the service provider reports, and provide an assessment of the effectiveness of the program in preventing mortgage foreclosure and homelessness.

History: 1993 c 369 s 138

462A.208 MENTAL ILLNESS CRISIS HOUSING ASSISTANCE ACCOUNT.

Subdivision 1. Creation. The mental illness crisis housing assistance account is established as a separate account in the housing development fund. The assistance account consists of money appropriated to it.

Subd. 2. Rental assistance. The account shall pay up to 90 days of rental assistance for persons with a diagnosed mental illness who require short-term inpatient care for stabilization.

Subd. 3. Eligibility. Rental assistance under this section is available only to persons of low and moderate income as determined by the department of housing and urban development.

Subd. 4. Administration. The agency may contract with organizations or government units experienced in rental assistance to operate the program under this section.

History: 1993 c 369 s 139

462A.21 HOUSING DEVELOPMENT FUND; ADVANCES, USE REPAYMENT.

[For text of subs 1 to 8b, see M.S.1992]

Subd. 8c. Rental housing. It may establish a rental housing assistance program for persons of low income or for persons with a mental illness or families that include an adult family member with a mental illness. Rental assistance may be in the form of loans or direct rental subsidies for housing for persons or families with incomes of up to 50 percent of area median income as determined by the United States Department of Housing and Urban Development, adjusted for families of five or more. Priority must be given to developments with the lowest income residents. Housing for the mentally ill must be operated in coordination with social service providers who provide services requested by tenants. The developments may be financed by the agency or other public or private entities. Direct rental subsidies must be administered by the agency for the benefit of eligible tenants. Financial assistance provided under this subdivision must be in the form of vendor payments whenever possible. Loans and direct rental subsidies under this subdivision may be made only with specific appropriations by the legislature. The limitations on eligible mortgagors contained in section 462A.03, subdivision 13, do not apply to loans for the rehabilitation of existing housing under this subdivision.

Subd. 8d. Authorized leverage of money. The agency may leverage federal program money with program money from the family rental housing assistance program established under subdivision 8b and the rental housing assistance program established under subdivision 8c.

[For text of subs 9 to 16, see M.S.1992]

Subd. 17. Mortgage foreclosure prevention and emergency rental assistance. The agency may spend money for the purposes of section 462A.207 and may pay the costs and expenses necessary and incidental to the development and operation of the program.

Subd. 18. Family homeless prevention and assistance. The agency may spend money for the purposes of section 462A.204 and may pay the costs and expenses necessary and incidental to the development and operation of the program.

Subd. 19. **Mental illness crisis housing assistance.** The agency may spend money for the purpose of section 462A.208 and may pay the costs and expenses necessary and incidental to the development and operation of the program authorized in section 462A.207.

Subd. 20. **Community development corporations.** It may make grants to and enter into contracts with community development corporations under section 116J.982, and may pay the costs and expenses for the development and operation of the program.

History: 1993 c 236 s 16,17; 1993 c 369 s 140-143

462A.221 DEFINITIONS.

[For text of subds 1 to 3, see M.S.1992]

Subd. 4. **Metropolitan area.** "Metropolitan area" has the meaning given it in section 473.121, subdivision 2.

Subd. 5. **Substantial rehabilitation.** "Substantial rehabilitation" means rehabilitation of at least \$5,000 per unit.

History: 1993 c 164 s 1,2

462A.222 LOW-INCOME HOUSING CREDITS.

[For text of subds 1 to 2, see M.S.1992]

Subd. 3. **Allocation procedure.** (a) Projects will be awarded tax credits in three competitive rounds on an annual basis. The date for applications for each round must be determined by the agency. No allocating agency may award tax credits prior to the application dates established by the agency.

(b) Each allocating agency must meet the requirements of section 42(m) of the Internal Revenue Code of 1986, as amended through December 31, 1989, for the allocation of tax credits and the selection of projects.

(c) For applications submitted for the first round, an allocating agency may allocate tax credits only to the following types of projects:

(1) in the metropolitan area:

(i) new construction or substantial rehabilitation single-room occupancy projects which are affordable by households whose income does not exceed 30 percent of the median income;

(ii) new construction or substantial rehabilitation family housing projects in which at least 75 percent of the units contain two or more bedrooms and at least one-third of the 75 percent contain three or more bedrooms; or

(iii) substantial rehabilitation projects in neighborhoods targeted by the city for revitalization;

(2) outside the metropolitan area, projects which meet a locally identified housing need and which are in short supply in the local housing market as evidenced by credible data submitted with the application;

(3) projects in which a percentage of the units are set aside and rented to persons:

(i) with a serious and persistent mental illness as defined in section 245.462, subdivision 20, paragraph (c);

(ii) with a developmental disability as defined in United States Code, title 42, section 6001, paragraph (5), as amended through December 31, 1990;

(iii) who have been assessed as drug dependent persons as defined in section 254A.02, subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in section 254A.02, subdivision 2;

(iv) with a brain injury as defined in section 256B.093, subdivision 4, paragraph (a); or

(v) with physical disabilities if at least 50 percent of the units are accessible as provided under Minnesota Rules, chapter 1340;

(4) projects which preserve existing subsidized housing which is subject to prepayment if the use of tax credits is necessary to prevent conversion to market rate use; or

(5) projects financed by the Farmers Home Administration which meet statewide distribution goals.

(d) Before the date for applications for the second round, the allocating agencies other than the agency shall return all uncommitted and unallocated tax credits to the pool from which they were allocated, along with copies of any allocation or commitment. In the second round, the agency shall allocate the remaining credits from the regional pools to projects from the respective regions.

(e) In the third round, all unallocated tax credits must be transferred to a unified pool for allocation by the agency on a statewide basis.

(f) Unused portions of the state ceiling for low-income housing tax credits reserved to cities and counties for allocation may be returned at any time to the agency for allocation.

[For text of subd 4, see M.S.1992]

History: 1993 c 164 s 3

462A.32 [Repealed, 1993 c 236 s 19]