

accrued liability, assets, unfunded accrued liability, contribution required to meet the interest at the assumed rate on the unfunded accrued liability, and the contribution required to amortize the unfunded accrued liability by the date specified in section 356.215, subdivision 4, clause (7), and by the year 2017 for each program.

Sec. 27. **EFFECTIVE DATE.** This act is effective July 1, 1977.

Approved June 2, 1977.

CHAPTER 400—H.F.No.856

[Coded]

An act relating to welfare; authorizing the establishment of a centralized disbursement system for payments and for food stamp benefit documents; amending Minnesota Statutes 1976, Section 256.01, by adding a subdivision.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1976, Section 256.01, is amended by adding a subdivision to read:

Subd. 11. PUBLIC WELFARE; CENTRALIZED DISBURSEMENT SYSTEM. The state agency may establish a system for the centralized disbursement of (1) assistance payments to recipients of aid to families with dependent children, (2) emergency assistance payments to needy families with dependent children as defined in Minnesota Statutes 1976, Section 256.12, and (3) the benefit documents for food stamp recipients. The state agency shall adopt rules and set guidelines for the operation of the statewide system. If required by federal law or regulations promulgated thereunder, or by state law, or by rule of the state agency, each county shall pay to the state treasurer that portion of assistance for which the county is responsible. The commissioner shall designate the date on which a centralized disbursement system shall be established in any designated geographic area in the state and after that date Minnesota Statutes, Sections 256.81, Clause (2); 256.82; and 256.871, Subdivision 1, shall be superseded by this section as to any county agency in the designated area. Federal funds available for administrative reimbursement shall be disbursed between the state and local welfare agencies on the same basis that reimbursements are earned.

Approved June 2, 1977.

CHAPTER 401—H.F.No.875

[Coded in Part]

An act relating to housing; providing an exception to the interest limitation for
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borrowing by housing and redevelopment authorities; making certain changes in the laws relating to the operation of the housing finance agency; making cooperatives eligible for housing finance agency programs; establishing certain loan and assistance programs; increasing the bonding limitations of the agency; providing for a demonstration project for energy conserving construction; appropriating money; amending Minnesota Statutes 1976, Sections 462.555; 462A.03, Subdivisions 7 and 13; 462A.05, Subdivisions 3, 5, 14, 15, and by adding a subdivision; 462A.07, Subdivision 12, and by adding subdivisions; 462A.09; 462A.20, Subdivision 2; 462A.21, Subdivisions 4a, 4b, and by adding subdivisions; and 462A.22, Subdivisions 1 and 9, and by adding a subdivision; and Chapter 462A, by adding a section; repealing Minnesota Statutes 1976, Section 462A.26.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1976, Section 462.555, is amended to read:

462.555 HOUSING FINANCE; LOAN REGULATIONS; MANNER OF BOND ISSUANCE; SALE. Bonds of an authority shall be authorized by its resolution and may be issued in one or more series and shall bear such date or dates, mature at such time or times, bear interest at such rate or rates, not exceeding seven percent per annum, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in such medium of payment at such place or places, and be subject to such terms of redemption (with or without premium) as ~~such~~ the resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at not less than par. Any provision of any law to the contrary notwithstanding, any bonds issued pursuant to sections 462.415 to 462.711 shall be fully negotiable. In any suit, action, or proceedings involving the validity or enforceability of any bonds of an authority or the security therefor, any ~~such~~ bond reciting in substance that it has been issued by the authority to aid in financing a project, as herein defined, shall be conclusively deemed to have been issued for ~~such that~~ purpose, and ~~such the~~ project shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of sections 462.415 to 462.711. Notwithstanding any other provision of this section, an authority is authorized to execute a note secured by a first mortgage at a rate of interest in excess of seven percent per annum with the Minnesota housing finance agency, pursuant to chapter 462A, to finance a housing project which is subsidized in whole or in part with money provided by the federal government.

In cities of the first class, the governing body of the city must approve all notes executed with the Minnesota housing finance agency pursuant to this section, when the interest rate on the note exceeds seven percent.

Sec. 2. Minnesota Statutes 1976, Section 462A.03, Subdivision 7, is amended to read:

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

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provide dwelling accommodations for persons and families of low and moderate income and for ~~others~~ 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.

Sec. 3. Minnesota Statutes 1976, Section 462A.03, Subdivision 13, is amended to read:

Subd. 13. "Eligible mortgagor" means a nonprofit or cooperative housing corporation, limited profit entity or a builder as ~~the same are~~ 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.

Sec. 4. Minnesota Statutes 1976, Section 462A.05, Subdivision 3, is amended ~~to~~ read:

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 ~~such~~ residential housing. ~~Such~~ 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.

Sec. 5. Minnesota Statutes 1976, Section 462A.05, Subdivision 5, is amended to read:

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.

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Sec. 6. Minnesota Statutes 1976, Section 462A.05, Subdivision 14, is amended to read:

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. ~~Such~~ The loans may be insured or uninsured and may be made with ~~such~~ 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 of this section. They may be made in amounts sufficient to refinance existing indebtedness secured by the property, if ~~such~~ 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 ~~such~~ 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 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 ~~such~~ codes and standards, the agency may, solely for the purpose of administering the provisions of this chapter, establish ~~such~~ 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 ~~such~~ 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.

Sec. 7. Minnesota Statutes 1976, Section 462A.05, Subdivision 15, is amended to read:

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 ~~such~~ grant shall be made unless the agency determines that ~~such~~ 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 ~~such~~ codes and standards, the agency may, solely for the purpose of administering this provision, establish ~~such~~ 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 ~~such~~ the residential housing in full compliance with all state, county or municipal

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building, housing maintenance, fire, health or similar codes and standards applicable to housing, ~~or to accomplish energy conservation related improvements.~~ The amount of any ~~such~~ 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 ~~such~~ the person or family without spending an unreasonable portion of the income of ~~such~~ 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 ~~such~~ 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 ~~such~~ 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.

Sec. 8. Minnesota Statutes 1976, Section 462A.05, is amended by adding a subdivision to read:

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

Sec. 9. Minnesota Statutes 1976, Chapter 462A, is amended by adding a section to read:

[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.

Sec. 10. Minnesota Statutes 1976, Section 462A.07, is amended by adding a subdivision to read:

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.

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Sec. 11. Minnesota Statutes 1976, Section 462A.07, is amended by adding a subdivision to read:

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.

Sec. 12. Minnesota Statutes 1976, Section 462A.07, Subdivision 12, is amended to read:

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 such terms as it deems necessary or desirable, to assist in the exercise of any of the powers granted in Laws 1974, Chapter 441 sections 462A.01 to 462A.24 and to carry out the objectives of Laws 1974, Chapter 441, sections 462A.01 to 462A.24 and may pay for such the services from the housing development fund.

Sec. 13. Minnesota Statutes 1976, Section 462A.09, is amended to read:

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 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.

Sec. 14. Minnesota Statutes 1976, Section 462A.20, Subdivision 2, is amended to read:

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

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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 ~~authority~~ 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.

Sec. 15. Minnesota Statutes 1976, Section 462A.21, Subdivision 4a, is amended to read:

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 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.

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Sec. 16. Minnesota Statutes 1976, Section 462A.21, Subdivision 4b, is amended to read:

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 ~~any such~~ 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.

Sec. 17. Minnesota Statutes 1976, Section 462A.21, is amended by adding a subdivision to read:

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.

Sec. 18. Minnesota Statutes 1976, Section 462A.21, is amended by adding a subdivision to read:

Subd. 9. It may make loans to encourage innovations in the development or rehabilitation of single or multifamily residential housing pursuant to section 8. Loans pursuant to this subdivision shall only be made with money appropriated directly by the legislature specifically for this purpose.

Sec. 19. Minnesota Statutes 1976, Section 462A.21, is amended by adding a subdivision to read:

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.

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Sec. 20. Minnesota Statutes 1976, Section 462A.22, Subdivision 1, is amended to read:

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) ~~\$100,000,000~~ \$175,000,000 issued for the purpose of providing funds for rehabilitation loans, or refunding bonds or notes issued for this purpose, plus

(b) ~~\$500,000,000~~ \$725,000,000 issued for other purposes specified in section 462A.08.

Sec. 21. Minnesota Statutes 1976, Section 462A.22, is amended by adding a subdivision to read:

Subd. 1a. Not less than ten percent of the proceeds of the additional bonds authorized by this act for subdivision 1, paragraph (b) which are used for the purpose of providing for multifamily residential housing shall be allocated by the agency for eligible loans involving the rehabilitation of existing buildings.

Sec. 22. Minnesota Statutes 1976, Section 462A.22, Subdivision 9, is amended to read:

Subd. 9. The agency shall also submit a biennial report of its activities, projected activities, receipts, and expenditures for the next biennium, to the governor and the legislature on or before January 15 in each odd-numbered year. The report shall include the distribution of money under each agency program by county, except for counties containing a city of the first class, where the distribution shall be reported by municipality. Within cities of the first class, the distribution of agency money shall be reported by census tract.

Sec. 23. **EMERGENCY RULES.** For the purposes of implementing the provisions of section 17, the agency may adopt emergency rules under the provisions of section 15.0412, subdivision 5. No emergency rules may be adopted pursuant to this section after April 1, 1978.

Sec. 24. **REPEALER.** Minnesota Statutes 1976, Section 462A.26, is repealed.

Sec. 25. The approved complement of the Minnesota housing finance agency and the limit on its cost of general administration of agency programs shall be as follows for the fiscal year ending June 30, 1978.

<u>Approved Complement</u>	<u>Cost Limit</u>
<u>90</u>	<u>\$1,851,000</u>

Sec. 26. **APPROPRIATION.** Subdivision 1. The sums set forth in this section are appropriated from the general fund to the housing development fund created in

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Minnesota Statutes, Section 462A.20, for the purposes specified in this section and for the payment of related costs and expenses.

Subd. 2. For making rehabilitation grants to persons and families of low income, as provided in Minnesota Statutes, Section 462A.21, Subdivision 4a, of which not less than \$500,000 shall be used for improving accessibility of housing occupied by persons who are physically handicapped \$21,500,000.

Subd. 3. For making low interest rate rehabilitation loans to persons and families of low and moderate income, as provided in Minnesota Statutes, Section 462A.21, Subdivisions 4b and 7 \$10,000,000.

Subd. 4. For the home ownership assistance fund provided in section 17 \$7,500,000.

Subd. 5. For the innovative development and rehabilitation loans provided in section 18 and construction of innovative homes as provided in section 27 \$1,000,000.

Sec. 27. There shall be allocated the sum of \$10,000 of the money appropriated in section 26, subdivision 5, for a feasibility study by the Minnesota housing finance agency in consultation with the Minnesota energy agency for the design and construction of single family homes as described in this section.

(a) Up to \$490,000 of the funds appropriated in section 26, subdivision 5, may be expended for construction of single family homes which shall demonstrate new and innovative technologies for conserving energy including passive energy systems, use of underground construction, and solar energy heating and cooling systems. They may be constructed as to allow continued study of the technologies used.

(b) Section 16.821 to section 16.867 shall not apply to the construction of homes pursuant to this section. Notwithstanding section 16.07 or any provision of the law to the contrary, contracts may be negotiated for the design and construction of the single family homes by the Minnesota housing finance agency.

(c) Money may be expended pursuant to this section by the Minnesota housing finance agency, only after consultation with and after obtaining advice from the legislative commission on Minnesota resources. A proposal for the homes shall be submitted to the commission by September 1, 1977, and shall be acted upon by the commission by July 1, 1978. Construction plans for the homes shall be reviewed and approved by the Minnesota housing finance agency in consultation with the Minnesota energy agency.

(d) All money not expended in accordance with this section shall be used by the Minnesota housing finance agency for the purposes stated in sections 8 and 18.

Sec. 28. EFFECTIVE DATE. Sections 1 and 9 of this act are effective on the day following final enactment.

Approved June 2, 1977.

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