

property owned or operated by a nonprofit corporation organized prior to January 1, 1940 for and by former students of the University of Minnesota; a license may be issued under this clause notwithstanding any local law to the contrary;

(7) Within 1,500 feet of any state university, except as hereinafter provided, or, when the place of sale is not within a municipality, within 1,500 feet of any public school *outside of a municipality; within 1,200 feet at Winona state university, and at Southwest state university* and in determining the distance, the measurement shall be along the most direct line from the nearest corner of the administration building of the university to the main entrance of the licensed premises; as to Mankato state university in the city of Mankato when the place of sale is within 1,500 feet as measured from the front door of the student union of the Highland campus;

(8) At more than five places on any one side of a block within and fronting upon the patrol limits of cities of the first class;

(9) The restrictions imposed by this subdivision shall not apply to any manufacturer or wholesaler of intoxicating liquors or to a drug store or to any person lawfully licensed to sell intoxicating liquor immediately prior to the enactment of this subdivision.

Sec. 7. Section 6 is effective the day following final enactment.

Approved June 1, 1979.

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#### CHAPTER 306—H.F.No.261

*An act relating to municipal development; limiting the objects and methods of financing residential, industrial, and economic development; regulating the planning and implementation of single family housing programs and multifamily housing developments and housing rehabilitation programs; authorizing and regulating the effectuation and financing of existing single family housing projects and undertaken by the cities of Coon Rapids in Anoka County and Vadnais Heights in Ramsey County; amending Minnesota Statutes 1978, Sections 474.01, Subdivision 7a, and by adding a subdivision; 474.02, by adding a subdivision; 474.03; and 474.12.*

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

Section 1. [462C.01] AUTHORIZATION. Subdivision 1. A city may develop and administer programs of making or purchasing mortgage loans to finance the acquisition of single family housing by low and moderate income persons and families anywhere within its boundaries upon the following conditions:

(a) The city develops a housing plan as required by section 3;

(b) A public hearing is held thereon after one publication of notice in a newspaper

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circulating generally in the city, at least 30 days before the hearing, after which the plan may be adopted by resolution of the governing body with or without amendment; and

(c) The plan is submitted for review pursuant to section 4.

Sec. 2. ~~462C.02~~ DEFINITIONS. Subdivision 1. For the purposes of sections 1 to 8, the terms defined in this section have the meanings given them.

Subd. 2. "Housing plan" means a plan for an individual city which sets forth the information required by section 3.

Subd. 3. "Program" means an individual component of the housing plan for which an issue of revenue bonds or obligations is proposed.

Subd. 4. "Single family housing" means real property and improvements thereon or an apartment as described in chapter 515 or any amendatory or supplemental law, which is owned or to be owned and occupied by one person or family as a principal residence.

Subd. 5. "Multifamily housing development" or "development" means an apartment facility, cooperative or a group of townhouses which include four or more dwelling units, each to be rented or sold to or occupied by a person or family for use as a residence. A development may include new construction or the rehabilitation of an existing building and site.

Subd. 6. "City" means any statutory or home rule charter city, or any public body which (a) is the housing and redevelopment authority in and for a city, or the port authority of a city, and (b) is authorized by ordinance to exercise, on behalf of a city, the powers conferred by sections 1 to 8.

Subd. 7. "Adjusted gross income" means gross family income less \$750 for each adult in the family to a maximum of two adults and less \$500 for each other dependent in the family.

Sec. 3. ~~462C.03~~ CITY HOUSING PLAN. Subdivision 1. The housing plan shall 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) The financing program or programs to be included in the plan;

(e) The number and qualifications of lenders eligible to participate in the program;

(f) The estimated amount of mortgage loans to be made or purchased in each

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program and the estimated amounts and timing of the sale of revenue bonds required to finance such loans, fund appropriate reserves, and pay costs of issuance;

(g) Methods for monitoring the implementation by participants to insure that the programs will be consistent with the plan and its objectives;

(h) The administrative capacity of the city to monitor and supervise housing finance programs;

(i) The cost to the city, including administrative costs; and

(j) An analysis of how the programs will meet the needs of low and moderate income families in the city.

Subd. 2. Each program shall establish limits on gross income for persons and families to be served by the program. The adjusted gross income may not exceed the greater of (a) 110 percent of the median family income as estimated by the United States department of housing and urban development for the nonmetropolitan county or standard metropolitan statistical area, as the case may be, or (b) 100 percent of the income limits established by the Minnesota housing finance agency in which the city is located; except as provided in subdivision 8. The Minnesota housing finance agency shall provide the relevant income data to any city requesting the data.

Subd. 3. The plan shall establish maximum purchase prices or appraised values for single family housing eligible for mortgage loans in each program. The maximum purchase price allowable shall not exceed three times the income limit established for the program in subdivision 2, except that, for any program or portion of a program undertaken pursuant to subdivision 8, the maximum purchase price shall not exceed four times the income limit established pursuant to subdivision 2.

Subd. 4. Any financial institution as defined in Minnesota Statutes, Section 47.0151, doing business within the city which is an approved FHA/VA or FNMA/FHLMC lender shall be eligible for consideration for origination of single family housing loans in any city housing program. Other lenders may be eligible as provided in the program. Origination of loans in the program may not be limited to a single lender unless other eligible lenders are not interested in participating or the program clearly sets forth why a public purpose would be served by confining participation to one lender.

Subd. 5. In the event that on the date of the adoption of the resolution by the governing body of the city authorizing the sale of the revenue bonds or obligations any financial institution within the city has entered into a commitment agreement with the Minnesota housing finance agency under which the agency has agreed to purchase mortgage notes and mortgages securing loans for single family housing, and the financial institution has not closed an amount of eligible mortgages equal to at least 95 percent of the total amount provided in the commitment agreement, then the city may not enter into a commitment to purchase loans from the financial institution for its program. Any city housing finance program may not provide loans to consumers at a rate which is less than the rate on loans provided to consumers under the Minnesota housing finance agency

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program at the time of adoption of the resolution. The executive director of the agency may waive either or both of the requirements of this subdivision in writing.

Subd. 6. Loans under a single family housing program may not be made to one developer or builder or restricted to housing provided by one developer or builder.

Subd. 7. Fifty percent of the money available for loans for each single family housing program subject to the income limits established pursuant to subdivision 2, must be made available to persons and families with adjusted gross incomes of less than 90 percent of the program's income limits for a period of six months from the date when the money becomes available for the program.

Subd. 8. Twenty percent of the aggregate amount of all loans provided under all city housing programs included in the housing plan for single family housing may be provided without regard to income limits or net worth limits if: (a) the housing program is used to finance single family housing in either a development district established pursuant to section 472A.03, or a redevelopment project established pursuant to section 462.521, or an industrial development district established pursuant to section 458.191; or (b) the city has previously developed and administered a housing program for low and moderate income persons and families and the program will be used to further policies of economic integration, stability and revitalization of residential areas. No housing program shall be developed or administered pursuant to this subdivision if the housing program will contribute to urban sprawl. A housing program shall be deemed to contribute to urban sprawl if the housing program is to be used to finance single family housing in any previously unincorporated real property annexed by the city pursuant to chapter 414, within one year prior to the date of the resolution adopted pursuant to this act.

Sec. 4. [462C.04] PLAN REVIEW. Subdivision 1. Any city located within the metropolitan area as defined in Minnesota Statutes 1978, Section 473.121, Subdivision 2, shall submit its housing plan or any amendments to the metropolitan council for review and comment. All other cities shall submit their housing plans or any amendments to the regional development commission for the area in which the city is located, for review and comment. The appropriate reviewing agency shall comment on:

(a) Whether the plan furthers local and regional housing policies;

(b) The compatibility of the housing plan with the housing portion of the comprehensive plan of the city, if any; and

(c) Whether the plan adequately meets the stated housing needs of the city.

The appropriate reviewing agency shall complete its review and comment within 45 days after submission.

Subd. 2. All cities shall submit their housing programs to the Minnesota housing finance agency for review and approval. The agency shall determine:

(a) Whether the program furthers statewide housing policies;

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(b) Whether the program is capable of implementation without material adverse effect on financing programs of the agency, without subjecting the interest on future bonds of the agency to federal income tax under any limitations imposed at the time by federal law, and without exceeding the limitation provided in section 7, subdivision 2;

(c) Whether the program provides for administrative and bond issuance costs that are reasonable; and

(d) Whether the program complies with all other requirements of sections 1 to 8.

The agency shall complete its review and shall notify the city of its decision within 30 days. A failure to notify within 30 days constitutes approval. 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 commission, shall report annually to the legislature on the number and amounts of bond issues and the number of housing programs established pursuant to sections 1 to 8.

**Sec. 5. [462C.05] MULTIFAMILY HOUSING DEVELOPMENTS. Subdivision 1.** A city may also plan, 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 subdivisions 2, 3 or 4, and upon the conditions set forth in this section. A loan may be made or purchased for the acquisition and preparation of a site and the construction of a new development, or for the acquisition of an existing building and site and the rehabilitation thereof, provided that:

(a) The cost of rehabilitation of an existing building is estimated to equal at least \$5,000 per dwelling unit or 50 percent of the appraised value of the original building and site, whichever is less;

(b) At least a substantial portion of such rehabilitation cost is estimated to be incurred for compliance with building codes or conservation of energy;

(c) Each development upon completion shall comply with all applicable code requirements;

(d) 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 any supplemental or amendatory law thereof; and

(e) 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 of the development over, under, or

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adjacent to, and in conjunction with facilities to be used for purposes other than housing.

Subd. 2. A development may be designed for occupancy by persons and families of low or moderate income, and by other persons and families to the extent determined to be necessary in furtherance of the policy of economic integration stated in section 462A.02, subdivision 6, with at least 20 percent of the dwelling units held for occupancy by families or individuals eligible to receive subsidies under section 8 of the United States Housing Act of 1937, as amended, or another amendatory or supplemental law of the United States.

Subd. 3. A development may be located within a redevelopment project area established pursuant to chapter 462 or within a development district established pursuant to chapter 472A or within an industrial development district established pursuant to section 458.191 without regard to the limitations and conditions set forth in section 3 and in subdivision 2.

Subd. 4. A development may be designed for rental primarily to elderly or handicapped persons without regard to the limitations and conditions set forth in section 3 and in subdivision 2.

Subd. 5. Each program for a multifamily housing development or developments described in subdivision 1 shall be adopted after public hearing and approved by the Minnesota housing finance agency as provided in section 1, on the basis of the considerations stated in section 4.

Subd. 6. The program shall demonstrate need for the development or developments, describe the method of financing proposed, state whether the development is to be constructed pursuant to subdivision 2, 3, or 4, and state the applicable limitations on gross income, if any, of the occupants.

**Sec. 6. [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 1 to 7 on behalf of a city, 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 Minnesota Statutes, Section 462.426; provided, however, that any program undertaken pursuant to this section shall be included in the limitations provided in section 7, subdivision 2, and also shall be subject to the limitations of sections 3 and 4 in the case of a single family housing program, and subject to the limitations of section 5 in the case of a multifamily housing development program.

**Sec. 7. [462C.07] HOUSING REVENUE BONDS.** Subdivision 1. To finance programs or developments described in any plan the city may, upon approval of the plan as provided in section 1, subdivision 1, clause (c), issue and sell revenue bonds or obligations which shall be payable exclusively from the revenues of the programs or developments. In the purchase or making of single family housing loans and the purchase or making of multifamily housing loans and the issuance of revenue bonds or other

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obligations the city may exercise within its corporate limits, any of the powers the Minnesota housing finance agency may exercise under chapter 462A, without limitation under the provisions of chapter 475.

Subd. 2. The aggregate principal amount of revenue bonds or other obligations issued by a city pursuant to this section shall not exceed an amount equal to \$1,000 times its population for the first 50,000 persons, plus \$500 times its population in excess of 50,000, until otherwise provided by law. Its population shall be determined by the last state or federal census, or by the last official estimate of the metropolitan council, for a city in the metropolitan area, whichever is greater.

Subd. 3. Upon approval of the housing plan as provided in section 1, subdivision 1, clause (c), any port authority referred to in chapter 458 may, until July 1, 1980, issue revenue bonds of the port authority to finance multifamily housing developments undertaken in accordance with the provisions of section 5, and for such purpose the port authority may exercise any and all powers set forth in chapters 458 and 474, provided that nothing herein shall be construed as authorizing a port authority to finance any housing program other than that authorized by section 5. After July 1, 1980, the port authority may issue revenue bonds solely in accordance with the provisions of sections 1 to 16.

**Sec. 8. [462C.08] OTHER HOUSING LEGISLATION.** Sections 1 to 7 do not impair or otherwise affect the validity or provisions for the security of any obligations issued or agreements made pursuant to law before the effective date of these sections. Sections 1 to 7 do not preclude or affect or limit the institution or financing or character of a housing program, project or development permitted for any city by any special law in effect on the effective date of these sections, except that: (a) section 3 is applicable to any program undertaken pursuant to a special law adopted after January 1, 1979, (b) no such city or agency thereof may issue obligations after January 1, 1980, for the purpose of financing a housing program or development of any kind referred to in sections 1 and 5, unless its plan therefor has previously been reviewed by the appropriate reviewing body and its program has been reviewed and approved by the agency; and all such obligations issued by such cities after January 1, 1980, shall be subject to the limitations set forth in sections 1 to 7.

Sec. 9. Minnesota Statutes 1978, Section 474.01, Subdivision 7a, is amended to read:

Subd. 7a. No municipality or redevelopment agency shall undertake any project authorized by this chapter unless its governing body finds that the project furthers the purposes stated in this section, nor until the commissioner of securities has approved the project, on the basis of preliminary information which the commissioner may require, as tending to further the purposes and policies of this chapter. Approval shall not be deemed to be an approval by the commissioner of securities or the state of the feasibility of the project or the terms of the revenue agreement to be executed or the bonds to be issued therefor, and the commissioner shall state this in communicating approval.

Sec. 10. Minnesota Statutes 1978, Section 474.01, is amended by adding a subdivision to read:

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Subd. 7b. Prior to submitting an application to the commissioner of securities requesting approval of a project pursuant to subdivision 7a, the governing body of the municipality or redevelopment agency shall conduct a public hearing on the proposal to undertake and finance the project. Notice of the time and place of hearing, and stating the general nature of the project and an estimate of the principal amount of bonds or other obligations to be issued to finance the project, shall be published at least once not less than 15 days nor more than 30 days prior to the date fixed for the hearing, in the official newspaper and a newspaper of general circulation of the municipality or redevelopment agency. The notice shall state that a draft copy of the proposed application to the commissioner of securities, together with all attachments and exhibits thereto, shall be available for public inspection following the publication of such notice and shall specify the place and times where and when it will be so available. At the time and place fixed for the public hearing, the governing body of the municipality or the redevelopment agency shall give all parties who appear at the hearing an opportunity to express their views with respect to the proposal to undertake and finance the project. Following the completion of the public hearing, the governing body of the municipality or redevelopment agency shall adopt a resolution determining whether or not to proceed with the project and its financing and may thereafter apply to the commissioner of securities for approval of the project.

Sec. 11. Minnesota Statutes 1978, Section 474.02, is amended by adding a subdivision to read:

Subd. 1d. Notwithstanding any provision of this chapter, the term "project" shall not include any property to be sold or to be affixed to or consumed in the production of property for sale, and shall not include any housing facility to be rented or used as a permanent residence.

Sec. 12. Minnesota Statutes 1978, Section 474.03, is amended to read:

474.03 **POWERS.** Any municipality or redevelopment agency, in addition to the powers prescribed elsewhere by the laws of this state, shall have the power to:

(1) Acquire, construct, and hold any lands, buildings, easements, water and air rights, improvements to lands and buildings, and capital equipment to be located permanently or used exclusively on a designated site and solid waste disposal and pollution control equipment, regardless of where located, which are deemed necessary in connection with a project to be situated within the state, whether wholly or partially within or without the municipality or redevelopment agency, and construct, reconstruct, improve, better, and extend such project;

(2) Issue revenue bonds, in anticipation of the collection of revenues of such project, to finance, in whole or in part, the cost of the acquisition, construction, reconstruction, improvement, betterment, or extension thereof;

(3) Issue revenue bonds to pay, purchase or discharge all or any part of the outstanding indebtedness of a contracting party engaged primarily in the operation of one or more nonprofit hospitals or nursing homes, theretofore incurred in the acquisition or

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betterment of its existing hospital or nursing home facilities, including, to the extent deemed necessary by the governing body of the municipality or redevelopment agency, any unpaid interest on such indebtedness accrued or to accrue to the date on which such indebtedness is finally paid; and any premium the governing body of the municipality or redevelopment agency determines to be necessary to be paid to pay, purchase or defease such outstanding indebtedness; if revenue bonds are issued for this purpose, the refinancing and the existing properties of the contracting party shall be deemed to constitute a project under section 474.02, subdivision 1c. Industrial revenue bonds shall only be available under this provision if the commissioner of securities has been shown that a reduction in debt service charges to patients and third party payors will occur. All reductions in debt service charges pursuant to this program shall be passed on to patients and third party payors. These industrial revenue bonds may not be used for any purpose not consistent with the provisions of sections 145.71 to 145.83 or chapter 256B;

Nothing in this subdivision is intended to prohibit the use of revenue bond proceeds to pay outstanding indebtedness of a contracting party to the extent now permitted by law;

(4) Enter into a revenue agreement with any person, firm, or public or private corporation or federal or state governmental subdivision or agency in such manner that payments required thereby to be made by the contracting party shall be fixed, and revised from time to time as necessary, so as to produce income and revenue sufficient to provide for the prompt payment of principal of and interest on all bonds issued hereunder when due, and the revenue agreement shall also provide that the contracting party shall be required to pay all expenses of the operation and maintenance of the project including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and all taxes and special assessments levied upon or with respect to the project and payable during the term of the revenue agreement, during which term a tax shall be imposed and collected pursuant to the provisions of section 272.01, subdivision 2, for the privilege of using and possessing the project, in the same amount and to the same extent as though the contracting party were the owner of all real and personal property comprising the project;

(5) Pledge and assign to the holders of such bonds or a trustee therefor all or any part of the revenues of one or more projects and define and segregate such revenues or provide for the payment thereof to a trustee, whether or not such trustee is in possession of the project under a mortgage or otherwise;

(6) Mortgage or otherwise encumber such projects in favor of the municipality or redevelopment agency, the holders of such bonds, or a trustee therefor, provided that in creating any such mortgages or encumbrances a municipality or redevelopment agency shall not have the power to obligate itself except with respect to the project;

(7) Make all contracts, execute all instruments, and do all things necessary or convenient in the exercise of the powers herein granted, or in the performance of its covenants or duties, or in order to secure the payment of its bonds; including, but without limitation, a contract entered into prior to the construction of the project authorizing the contracting party, subject to such terms and conditions as the municipality or

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redevelopment agency shall find necessary or desirable and proper, to provide for the construction, acquisition, and installation of the buildings, improvements, and equipment to be included in the project by any means available to the contracting party and in the manner determined by the contracting party and without advertisement for bids as may be required for the construction or acquisition of other municipal facilities;

(8) Enter into and perform such contracts and agreements with other municipalities, political subdivisions, and state agencies, authorities, and institutions as the respective governing bodies of the same may deem proper and feasible for or concerning the planning, construction, lease, purchase, mortgaging or other acquisition, and the financing of a project, and the maintenance thereof, including an agreement whereby one municipality issues its revenue bonds in behalf of one or more other municipalities, which contracts and agreements may establish a board, commission, or such other body as may be deemed proper for the supervision and general management of the facilities of the project; provided, no municipality or redevelopment agency shall enter into or perform any contract or agreement with any school district under which the municipality or redevelopment agency issues its revenue bonds or otherwise provides for the construction of school facilities and the school leases or otherwise acquires these facilities;

(9) Accept from any authorized agency of the federal government loans or grants for the planning, construction, acquisition, leasing, purchase, or other provision of any project, and enter into agreements with such agency respecting such loans or grants;

(10) Sell and convey all properties acquired in connection with such projects, including without limitation the sale and conveyance thereof subject to such mortgage as herein provided, and the sale and conveyance thereof under an option granted to the lessee of the project, for such price, and at such time as the governing body of the municipality or redevelopment agency may determine, provided, however, that no sale or conveyance of such properties shall ever be made in such manner as to impair the rights or interests of the holder, or holders, of any bonds issued under the authority of this chapter;

(11) Issue revenue bonds to refund, in whole or in part, bonds previously issued by such municipality or redevelopment agency under authority of this chapter;

(12) If so provided in the revenue agreement, terminate the agreement and re-enter or repossess the project upon the default of the contracting party, and operate, lease, or sell the project in such manner as may be authorized or required by the provisions of the revenue agreement or of the resolution or indenture securing the bonds issued for the project; any revenue agreement which includes provision for a conveyance of real estate to the contracting party may be terminated in accordance with the revenue agreement, notwithstanding that such revenue agreement may constitute an equitable mortgage provided that no municipality or redevelopment agency shall have power otherwise to operate any project referred to in this chapter as a business or in any manner whatsoever, and nothing herein authorizes any municipality or redevelopment agency to expend any funds on any project herein described, other than the revenues of such projects, or the proceeds of revenue bonds and notes issued hereunder, or other funds granted to the

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municipality or redevelopment agency for the purposes herein contemplated, except as may be otherwise permitted by law and except to enforce any right or remedy under any revenue agreement or related agreement for the benefit of the bondholders or for the protection of any security given in connection with a revenue agreement, provided that the public cost of redevelopment of land paid by a city or its redevelopment agency shall not be deemed part of the cost of any project situated on such land;

(13) Invest or deposit, or authorize a trustee to invest or deposit, any money on hand in funds or accounts established in connection with a project or payment of bonds issued therefor, to the extent they are not presently needed for the purposes for which such funds or accounts were created, in accordance with section 471.56, as amended; and

(14) Waive or require the furnishing of a contractors payment and performance bond of the kind described in section 574.26 and if such bond shall be required, then the provisions of chapter 514 relating to liens for labor and materials, shall not be applicable in respect of any work done or labor or materials supplied for the project, and if such bond be waived then the said provisions of chapter 514 shall apply in respect of work done or labor or materials supplied for the project.

Sec. 13. Minnesota Statutes 1978, Section 474.12, is amended to read:

**474.12 EXCLUSION OF INTEREST ON BONDS FROM GROSS INCOME.**

Subdivision 1. Interest paid on bonds issued under authority of this chapter shall not be included in gross income for the purpose of computing any tax imposed by or under the provisions of chapter 290, or any act amendatory thereof or supplemental thereto.

Subd. 2. Notwithstanding subdivision 1, the interest paid on bonds issued under authority of this chapter and issued after June 30, 1979 shall be exempt only as provided under section 290.08, subdivision 7, for obligations of the issuing municipality.

**Sec. 14. TRANSITIONAL PROVISIONS.** Subdivision 1. Sections 9 and 10 do not apply to a project which has been given preliminary approval by the governing body of a municipality or redevelopment agency before the effective date of this act.

Subd. 2. Section 11 does not apply to multifamily rental projects approved by the commissioner of securities or by a redevelopment agency prior to April 17, 1979.

Subd. 3. The cities of Coon Rapids in Anoka County and Vadnais Heights in Ramsey County are authorized to proceed with the single family housing projects heretofore approved by the commissioner of securities pursuant to their applications, respectively, under chapter 474, and to issue revenue bonds to finance such projects, notwithstanding any provisions of sections 1 to 12, provided that:

(a) Of the principal amount of loans made or purchased by each city in effectuating its approved project, at least 50 percent shall be made to persons or families whose adjusted gross income, as defined in section 2 does not exceed 110 percent of median family income estimated by the department of housing and urban development for the metropolitan statistical area in which the cities are situated, increased by the sums

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of \$750 for each adult, and \$500 for each other dependent; 40 percent may be made to persons or families whose adjusted gross income exceeds 110 percent but does not exceed 120 percent of said amount; and the remainder may be made without limitation;

(b) The maximum price allowable for homes eligible for mortgage loans shall not exceed three times the income limit established in clause (a) exclusive of the adjustment for family members;

(c) The amount of revenue bonds authorized by this subdivision is limited to \$45,000,000 for Coon Rapids and \$35,000,000 for Vadnais Heights;

(d) The principal amount of bonds issued by either city pursuant to this section shall be deducted from the aggregate amount of bonds issuable by the city at any time under the provisions of section 7, subdivision 2; and

(e) This subdivision applies to two cities within two contiguous counties and is effective the day following final enactment, in accordance with the provisions of Minnesota Statutes, Section 645.023, Subdivision 1.

Sec. 15. [462A.04] [Subd. 8a.] The approved complement of the Minnesota housing finance agency may be increased up to three unclassified positions for the purposes of sections 1 to 16.

Sec. 16. This act is effective the day following final enactment.

Approved June 1, 1979.

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#### CHAPTER 307—H.F.No.272

*An act relating to public welfare; child care services; defining a sliding fee schedule payment plan for child care; appropriating money; amending Minnesota Statutes 1978, Section 245.84, Subdivision 2.*

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

Section 1. Minnesota Statutes 1978, Section 245.84, Subdivision 2, is amended to read:

Subd. 2. Within the limit of appropriations available and subject to the allocation requirements of section 245.87 the commissioner may shall establish an experimental program to make grants to counties, municipalities, corporations or incorporated licensed day care facilities and may promulgate rules for grants using the purpose of reducing according to a sliding fee scale schedule the costs of child care for eligible families. The commissioner shall review the program annually. Excluding that portion charged to parents; grants made pursuant to the sliding fee scale shall not exceed 95 percent of the total cost of the program for fiscal year 1977, 85 percent for fiscal year 1978; and 75

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