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**CHAPTER 327—H.F.No.724**

*An act relating to housing; providing for an increase in the authorization for bonds and notes for the housing finance agency; making certain changes in the laws relating to the operation of the agency; establishing a grant program for the construction of three and four bedroom apartment or townhouse units; creating a grant program for accessible housing; creating a rehabilitation loan program for certain rental housing; appropriating money; amending Minnesota Statutes 1978, Sections 462A.05, Subdivision 15, and by adding subdivisions; 462A.07, Subdivision 15; 462A.09; 462A.21, Subdivision 6, and by adding subdivisions; and 462A.22, Subdivisions 1, 1a, and 9.*

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

Section 1. Minnesota Statutes 1978, Section 462A.05, is amended by adding a subdivision to read:

Subd. 2a. It may make grants to sponsors or builders of multi-unit residential housing for occupancy by persons and families of low and moderate income. The grants shall only be made for the construction or rehabilitation of three bedroom apartment units or townhouse units of four bedrooms or more for large low and moderate income families. No grant shall exceed the amount of \$5,000 per unit. In making 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 repayment be required.

Sec. 2. Minnesota Statutes 1978, 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 grant shall be made unless the agency determines that 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 codes and standards, the agency may, solely for the purpose of administering this provision, establish 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 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 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 the person or family without spending an

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unreasonable portion of the income of 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 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 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. 3. Minnesota Statutes 1978, Section 462A.05, is amended by adding a subdivision to read:

Subd. 15a. It may make grants to persons and families of low and moderate income to improve the accessibility of existing residential housing for handicapped occupants, or to assist in paying a loan made pursuant to subdivision 14 to improve the accessibility of existing residential housing for handicapped occupants. Grants may be in an amount up to \$10,000, based upon the cost of the improvements, the financial ability of the person or family receiving the grant, and other appropriate factors including extraordinary medical expenses. Grants may be made in connection with other agency loan or grant programs; provided that in no case may agency rehabilitation loans and any grants pursuant to this section total an amount exceeding \$15,000. Grants made pursuant to this section may include the payment of money for technical assistance for the design and construction of accessibility improvements. In making 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 repayment be required. The agency may gather data on available accessible housing financed under this program and make the information available to interested individuals and groups.

Sec. 4. Minnesota Statutes 1978, Section 462A.21, is amended by adding a subdivision to read:

Subd. 11. The agency may make loans to owners of rental property of four units or more that is at least 15 years old and occupied at the time of loan closing by low and moderate income tenants, for the purposes of moderate rehabilitation and energy improvements necessary to bring the property into compliance with section 116H.129, subdivision 3. The authority granted in this subdivision is in addition to and not in limitation of any other authority granted to the agency in this chapter. Loans made pursuant to this subdivision shall only be made with the proceeds of bonds and notes, and shall not include any appropriated money.

Sec. 5. Minnesota Statutes 1978, Section 462A.07, Subdivision 15, is amended to read:

Subd. 15. It may engage in housing programs for low and moderate income native Americans as that term is defined in section 254A.02, subdivision 11, residing in the metropolitan area defined in section 473.121, subdivision 2, and cities with a population

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greater than 50,000 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. 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. Temporary rules to implement this section may be promulgated as emergency rules and amended pursuant to chapter 15. The temporary rules may remain in effect until July 1, 1980.

Sec. 6. Minnesota Statutes 1978, 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~~ 97.5 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. 7. Minnesota Statutes 1978, Section 462A.21, Subdivision 6, is amended to read:

Subd. 6. Notwithstanding the provisions of subdivision 5, the agency shall not expend moneys in the fund for the purpose of making rehabilitation or accessibility grants except by specific appropriation by the legislature.

Sec. 8. Minnesota Statutes 1978, Section 462A.21, is amended by adding a subdivision to read:

Subd. 4e. It may expend money for the purpose of section 1, and pay the costs and expenses necessary and incidental to the development and operation of the grant program authorized therein.

Sec. 9. Minnesota Statutes 1978, Section 462A.21, is amended by adding a subdivision to read:

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Subd. 4f. It may make grants for the purpose of section 3 and may pay the costs and expenses necessary and incidental to the development and operation of the housing accessibility program.

Sec. 10. Minnesota Statutes 1978, 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) ~~\$175,000,000~~ \$225,000,000 issued for the purpose of providing funds for rehabilitation loans, or refunding bonds or notes issued for this purpose, plus

(b) ~~\$725,000,000~~ \$1,325,000,000 issued for other purposes specified in section 462A.08.

Sec. 11. Minnesota Statutes 1978, Section 462A.22, Subdivision 1a, is amended to read:

Subd. 1a. Not less than ten percent of the proceeds of the additional bonds authorized by Laws 1977, Chapter 404 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. From the proceeds of bonds issued from time to time after the effective date of this act, the agency shall make in an aggregate principal amount at least \$10,000,000 in mortgage loans for the rehabilitation of existing buildings for multifamily residential housing.

Sec. 12. Minnesota Statutes 1978, 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.

In addition, the report shall include the cost to the agency of the issuance of its bonds for each issue in the biennium, along with comparable information for other state housing finance agencies.

Sec. 13. **APPROPRIATION.** Subdivision 1. The sum of \$42,500,000 is appropriated from the general fund to the housing development fund created in Minnesota Statutes, Section 462A.20, for the purposes specified in this section and for the payment of related costs and expenses.

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<u>Subd. 2. For making rehabilitation grants to persons and families of low income, as provided in Minnesota Statutes, Section 462A.21, Subdivision 4a</u>	<u>\$19,350,000</u>
<u>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</u>	<u>\$7,660,000</u>
<u>Subd. 4. For the purpose specified in section 3, and for the payment of related costs and expenses</u>	<u>\$2,000,000</u>
<u>Subd. 5. For the home ownership assistance fund provided in Minnesota Statutes, Section 462A.21, Subdivision 8</u>	<u>\$7,760,000</u>
<u>Subd. 6. For the native Americans revolving fund created in Minnesota Statutes, Section 462A.21, Subdivision 4c</u>	<u>\$3,480,000</u>
<u>Subd. 7. For the urban American Indians revolving fund created in Minnesota Statutes, Section 462A.21, Subdivision 4d</u>	<u>\$1,500,000</u>
<u>Subd. 8. For the purpose of section 1 and for the payment of related costs and expenses</u>	<u>\$500,000</u>
<u>Subd. 9. For the purpose of making rehabilitation grants to enrolled members within the Sioux communities of Prairie Island, Shakopee, Lower Sioux (Morton) and Upper Sioux (Granite Falls) for existing housing in accordance with the home improvement grant program of the Minnesota housing finance agency, and for the payment of related costs and expenses</u>	<u>\$250,000</u>

Subd. 10. The approved complement of the Minnesota housing finance agency is increased by 15 positions and the spending limit on cost of general administration of agency programs is increased by \$605,000 in fiscal year 1980 and by \$905,000 in fiscal year 1981 over the amounts provided for those fiscal years by other provisions of law.

Sec. 14. Sections 10 and 11 are effective the day following final enactment.

Approved June 5, 1979.

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