



Legislative Update

The 2017 legislative session continues to operate at a hectic clip, and is just three weeks away from the first policy committee deadline of March 10. The number of bill introductions is high, and there are many issues of interest and concern to metropolitan communities being considered at the Legislature this year.

MN Investment Fund/Job Creation Fund—Bills Introduced

Metro Cities is working with House and Senate authors to advance legislation to restore the Minnesota Investment Fund and Job Creation Fund to levels funded by the 2015 legislature. The organization's requested levels are \$15 million per year for the Minnesota Investment Fund and \$12.5 million per year for the Job Creation Fund. Metro Cities is also working to advance a bill to provide funding for the Redevelopment Grant Program, which was appropriated at \$2 million last year. Legislation being supported by Metro Cities will request an increase in funding for that program to \$10 million in the FY2018/19 budget. The bills will be introduced next week.

Contact Charlie Vander Aarde at 651-215-4001 or charlie@metrocitiesmn.org with any questions.

Bill Would Redirect Housing Challenge Funds to Greater Minnesota Workforce Housing

A bill that would redirect \$6.6 million in FY 18 and FY 19 from Minnesota Housing's Challenge Program to greater Minnesota was introduced this week. The Challenge Program is one of Minnesota Housing's most flexible funds and responds to a variety of single family and multifamily housing needs in the metro and across the state.

[HF 1162/SF 908](#) does not increase appropriations for housing and would not increase the number of housing units being built. Metro Cities will continue to monitor this legislation and opposes excluding the metro region from a portion of the Challenge Program's budget. Contact Charlie Vander Aarde at 651-215-4001 or charlie@metrocitiesmn.org with any questions.

Townhouse Definition Change Bill Heard in Committee

A bill that would change the definition of a townhouse was heard in the House Commerce committee this week. [HF 792](#) would change the definition of a "townhouse" in the state building code from two or more attached units, to three or more attached units. Therefore, a subset of residences currently defined as townhouses, namely those involving only two units, would now be treated under the state building code like single-family homes instead. Specifically, this would exempt two-unit residences from the sprinkler requirement.

The Builders Association of Minnesota spoke in favor of the bill, noting fewer townhouses have been recently built and this change would reduce costs and increase production. Fire safety representatives testified with two concerns regarding fire safety and building code process. They argued this would reduce the number of housing units with fire sprinklers and explained the bill would change state building code outside the traditional review process, which includes all stakeholders to discuss potential changes and implications.

Metro Cities policies support efforts to increase awareness of the potential impacts and benefits of requiring sprinklers in new homes and townhouses and supports discussion and the dissemination of information around these impacts via the code adoption process through the Department of Labor and Industry.

The bill was passed and referred to the House Jobs committee. Contact Charlie Vander Aarde at 651-215-4001 or charlie@metrocitiesmn.org with any questions.

Condo & Townhome Housing Choice Legislation

A group of stakeholders has continued to work on draft legislation to address obstacles behind the decrease in the construction of new owner-occupied multifamily housing developments. According to data from the Metropolitan Council, 23 percent of newly constructed multifamily units were condos and townhomes in 2007, while that number had fallen to three percent by 2015. Metro Cities supports efforts to increase housing choice in the metro area.

The goal is to encourage condo and townhome development by reducing the risk of litigation associated with these types of housing and encourages the involved parties to resolve construction defect disputes through negotiations or mediation while also preserving the warranty rights of owners.

While a bill has not yet been introduced, discussions have included proposing changes to five areas in current law. These include requiring a majority of homeowner association members to approve a decision to pursue legal action; currently association boards may pursue legal action on behalf of all members without consent. The second change would require complete disclosure to homeowner association members of any alleged defects; currently association boards are not required to disclose information to all members before taking legal action. Third, the legislation would require mediation before legal action; mediation is not currently required. Fourth, the legislation would require all parties to pay their own attorney's fees; currently recovery of attorney's fees in condo and townhome litigation is allowed. Fifth, the legislation would require all homeowner associations to adopt and implement a preventive maintenance plan; currently there is no requirement.

Metro Cities will continue to monitor the legislation, which is expected to be introduced next week. Contact Charlie Vander Aarde at 651-215-4001 or charlie@metrocitiesmn.org with any questions.

Transportation Committees/CTIB Update

The first weeks of the 2017 session were marked by informational hearings in the House and Senate Transportation Committees; committee work is now transitioning to hearings on bills. The Senate Transportation Committee heard [SF 210](#)-Senjem, the omnibus capital investment bill, on Tuesday. The contents of the bill are largely what was included in the compromise capital investment bill considered on the last night of the 2016 session that did not pass.

The bill includes \$90 million for the Local Bridge Replacement Program, \$141 million for the Local Road Improvement Program, \$5 million for the Local Road Wetland Replacement Program, \$197 million for trunk highway projects, \$166 million for state and local road projects, \$12.1 million for the Orange Line BRT project and \$8.75 million for improvements to the Mall of America Transit Station. An amendment proposed on Tuesday would have added \$19 million to continue developing the Red Line BRT, Gateway, Riverview, Red Rock, Rush Line and Robert Street Corridor, but it was not adopted. After discussion of the provisions related to transportation, the bill was laid over.

The House Transportation Finance Committee heard informational testimony from the Met Council on the Metro Mobility program this week. The committee also gave several local government organizations an opportunity to give overviews of transportation needs affecting their members, including the League and Metro Cities, with communication provided on the infrastructure challenges facing cities and the need for funding for local street systems.

The Counties Transit Improvement Board (CTIB) held a meeting Wednesday to discuss a timeline for dissolving, but did not take action. A meeting is scheduled for next Friday, March 3rd, at which a vote is expected to be taken on dissolution. If participating counties agree to the terms of dissolving, which includes allocating responsibility for expenses to each county, the next step is for a dissolution vote by each participating county's board of commissioners.

If all county boards vote to dissolve the CTIB, the entity would be dissolved by the end of March. (The CTIB must inform the Department of Revenue on its intentions by the end of March). County Boards would then have the option of replacing the ¼ percent transit tax that participating counties contribute to the CTIB with a local sales tax of up to ½ percent.

Meanwhile, legislation ([HF 1160/SF 1011](#)) has been introduced requiring a legislative audit on the Metropolitan Council's Transportation Division and CTIB's financial activity. The bill would delay a dissolution of the CTIB until after the report is complete.

Small Cell Wireless Update

Metro Cities and other city and utility representatives, in a meeting coordinated by the League of MN Cities, met with the proponents of [HF739/SF561](#), the proposed 'small cell wireless' bill, on Monday. The purpose of this meeting was to share concerns that cities and utilities have with the current bill. As it is written, the bill would allow wireless providers to place small wireless equipment on utility poles or other local government property and would prohibit cities from being able to negotiate zoning, rates, permit timelines or maintenance related to this equipment.

Potential amendments to the bill are being drafted for consideration by stakeholders. A hearing on this bill is likely to be scheduled in the next two to three weeks as the first legislative policy committee deadline approaches. Metro Cities opposes this legislation as it is currently written, and is continuing to work with all stakeholders.

Changes to Housing Bonds Priorities Discussed

A proposal to amend Minnesota bond statutes that address housing funding is being discussed by a number of housing stakeholders. While no legislation has been introduced, Metro Cities expects a bill to be introduced in the near future. Metro Cities is interested in receiving feedback from city officials on the proposals; details of which are below.

An initiative from a private housing developer would amend state statutes that govern the use of Minnesota's allocation of private activity bonds, which are federally-authorized tax-exempt bonds. Minnesota currently issues approximately \$550 million in tax-exempt bonds annually. The state bonds are allocated across several users and uses. The current discussion centers on what is known as the Housing Pool, a fund for housing and issued by Minnesota Management and Budget (MMB).

The Housing Pool totaled \$182 million in both 2016 and 2017. The distribution priority is established in statute. This January, 31 percent or \$57 million was set aside for single family uses (bonds financing home ownership mortgages). The next priority was for projects that preserve federally subsidized housing; funded with \$48 million this year. These projects cannot be restricted to persons who are 55 years of age or older. The remaining \$78 million was to be

distributed among other residential projects. Funds remaining in May of each year may be issued for housing restricted to persons who are 55 years or age or older.

The draft proposal would amend the statute in a number of ways, including creating a new priority structure for where and how bonds are awarded. This structure would eliminate the 31 percent single family set aside priority. From 2005-2015, the metro region received \$288 million or 53 percent of the statewide tax exempt bonds for homeownership. It would also move senior housing higher in the priority list than in current statute.

Instead, the priorities would keep preservation of federally assisted housing as the first priority, then prioritize general occupancy and senior tax credit housing (80% of the units are affordable at or below 60% area median income), then all other federal tax credit utilizing rental housing, then home ownership mortgage loans, then all other rental projects not using federal tax credits.

The proposal would also implement a lottery system to award bonds within a priority level, instead of the current pro-rated system which awards lower than requested funding levels for specific projects. The proposal also limits the amount of bonds that can be used for a project.

Advocates argue these proposed changes will preserve limited bond authority in the state, extending the state's resources for more unit production. Opponents argue the balance between general occupancy and senior housing may tilt toward senior housing. There is also concern about the loss of single family mortgage support, including assistance for households of color. Additionally, Minnesota Housing receives operating revenue from the sale of mortgage bonds and would lose revenue under this proposal.

Metro Cities is interested in hearing feedback from cities on how these proposed changes could impact the funding of housing development in communities. Further information, including bill numbers and bill language will be provided in a future newsletter once they become available. Contact Charlie Vander Aarde at 651-215-4001 or charlie@metrocitiesmn.org with any questions.

Group Residential Program Spacing Requirement Bills Introduced

A bill that would modify the statute guiding siting requirements for licensed residential programs has been introduced in the House and Senate. [SF 782/HF 1074](#) would include all cities, regardless of class, in guiding the Department of Human Services as it issues permits for residential programs.

Under current law, cities of the first class (Minneapolis, St. Paul, Duluth and Rochester) have a clause directing DHS to not license residential programs to within a quarter-mile of each other. This bill would extend that to all cities. Metro Cities and the League of Minnesota Cities have had a series of discussions with cities on the issue, including in Metro Cities' policy committees.

A number of perspectives were raised at the meetings, including concern about federal fair housing issues. Metro Cities' policy supports notification, to cities, of properties being operated as residential programs as well as the establishment of appropriate non-concentration standards to prevent clustering. Neither bill has been scheduled for a hearing. Contact Charlie Vander Aarde at 651-215-4001 or charlie@metrocitiesmn.org with any questions.

Met Council Governance Bills to Receive Hearing

Several bills to restructure the governance of the Metropolitan Council have been introduced this year, two of which will be heard this coming Monday, February 20th, in the House Transportation and Regional Governance Policy Committee at 1:00 pm in the basement of the State Office Building.

[HF 828](#)-(Albright) This bill would make up the Metropolitan Council of local elected officials and eliminate the Transportation Advisory Board (TAB). Members would be appointed by county boards and 16 created municipal committees. The bill would also increase the size of the Metropolitan Council from 17 to 27 members.

[HF 829](#)-(Hornstein) This bill would provide staggered terms, expand the nominating committee, and increase transparency in the nominating and selection process.

Metro Cities' policies oppose making up the Council of local officials, and eliminating the TAB. The organization's policies support staggered terms, and improvements to the nominating committee process, as provided for in HF 829.

For additional information, please contact Patricia Nauman at 651-215-4002 or patricia@metrocitiesmn.org.

Uniform State Labor Standards Act Bill Update

[S.F. 580](#)-Miller was heard in the Senate Local Government on Tuesday and was referred to the Senate Committee on Rules. The committee passed the bill after hearing testimony from proponents and opponents, and discussing the bill's definition of 'working condition'. The bill has been heard in the House and is currently in the Ways and Means Committee in that body. Metro Cities provided testimony on the bill in support of local decision making authority, consistent with the organization's policies.

Equity Grantees Report Progress to Senate Committee

The Senate Jobs committee heard testimony from several recipients of equity grants that were appropriated in the 2016 session. State Demographer Susan Brower presented current data and projected growth charts that showed disparities between white and people of color in Minnesota. She explained that increasingly the future population growth in Minnesota will be by people of color, and also explained the economic challenges the state will face if current disparities continue. DEED received 365 grant proposals among the eight competitive grant categories; a review panel recommended 87 proposals for funding. This equated to \$54.4 million in requests and awards of \$10.4 million. View the [list of grant recipients](#) on DEED's website.

A DEED report on the equity efforts is due to the legislature. Contact Charlie Vander Aarde at 651-215-4001 or charlie@metrocitiesmn.org with any questions.

EVENT: Attend Economic Development Day on the Hill – February 22

Register today to attend Economic Development Day at the Capitol on February 22. This joint event is hosted by the Economic Development Association of Minnesota (EDAM), Metro Cities, Minnesota Association of Professional County Economic Developers (MAPCED), Minnesota Brownfields and Small Business Development Centers of Minnesota (SBDCMN). There is no cost to attend, but [registration is required](#).

The day begins at 9:00 am in the Capitol with legislative speakers, followed by individual meetings with legislators and committee hearings. Attendees will be given a voucher for lunch at the Capitol. More information is available on the [EDAM website](#).

EVENT: Grants for Cleaning Contamination and Building a Better Community

DEED and the Metropolitan Council are hosting a webinar for local government officials interested in learning about local public grants that help pay the cost of cleaning up contaminated sites often known as brownfields. Cities, Counties, EDAs, HRAs and Port Authorities are eligible to apply. Applications for the next competitive grant are due May 1st. Over \$8M in grant funds (and low-cost loans) will be available to investigate and clean-up sites with petroleum contamination, groundwater contamination, soil contamination, asbestos and hazardous materials.

Tuesday, February 28

10:00 am – 12:00 pm

Meeting Link:

<https://intercall.webex.com/intercall/j.php?MTID=m44e748ad5bccba9461fe1a5766609293>

Audio Connection: 1-888-742-5095; Call-in toll-free number: 1-619-377-3319; Call-in number conference code: 176 233 5404

Password: brownfield

Questions should be directed to Marcus Martin at the Metropolitan Council at 651-602-1054 or Marcus.Martin@metc.state.mn.us.

EVENT: Planning and Financing Affordable Housing in your Community – MHFA

Minnesota Housing has tools cities can use to access Low Income Housing Tax Credits or other sources of funding in their community. MHFA is hosting both online and in-person sessions this spring to discuss how possible sites in communities align with Minnesota Housing's strategic priorities, and what cities and counties can do to give developments in their community the best chance of success. MHFA will provide an overview of the interactive Community Profile tool, which provides data to help plan affordable housing in communities.

Online Session

Tuesday, February 28

2:30 pm – 3:30 pm

[Register by February 27](#)

In-Person Session

Thursday, March 9

3:00 pm – 4:00 pm

Shoreview Library

4560 North Victoria Street

Shoreview, MN 55126

Space is limited. You must [register by March 7](#) to reserve your spot.

Introduced Bills of Note

[H. F. 1101/ S.F. No. 870](#), Bill authorizes cities to spend money on National Night Out and events that foster positive relationships between law enforcement and the community and also authorizes fundraising for these purposes.

[H. F. 1150](#), Bill would establish a farebox recovery goal of 80 percent on average for transit lines operated by Met Council. The bill would also require planning to meet the goal.

[H. F. 1180](#), Bill prohibits the use of cell phones while driving.

[H. F. 1185](#), Bill defines correspondence in government record retention law and provides for a minimum three-year retention period for correspondence.

[H. F. 1200/ S.F. No. 1094](#), Bill would prohibit law enforcement agencies from using unmanned aerial cameras to gather evidence in certain circumstances.

[H. F. 1242](#), Bill requires a 14-day notice of proposed ordinances that could potentially affect a business.

[H. F. 1315](#), Bill would allow the creation of special taxing districts to capture incremental property taxes to finance operating costs of light rail and bus rapid transit lines

[H. F. 1344](#), Bill would allow for alternative Web site publication for local notices.

[H. F. 1387](#), Bill would require the DNR to give cost estimate impacts to groundwater permit holders if a change in the water management plan is proposed.

S.F. No. 910: Bill appropriates \$100,000 for data practices training and technical assistance for local units of government through the Information Policy Analysis Division of the Department of Administration.

[H.F. 1078](#), Bill provides for off-sale license for brew pubs and small brewers. Referred to the Committee on Commerce and Regulatory Reform.

[H.F. 1091](#), Bill dedicates the proceeds from taxes on Sunday liquor sales. Referred to the Committee on Health and Human Services Reform.

[H.F. 1113](#), Bill modifies a sales tax exemption for certain passenger automobiles. Referred to the Committee on Transportation Finance.

[H.F. 1127](#), Bill modifies the regulation of off-sale liquor licenses by a micro distillery. Companion S.F. 912. Referred to the Committee on Commerce and Regulatory Reform.

[H.F. 1146](#), Bill provides a biennial notice and referendum on whether a municipality may use a public utility license, permit, rights, or franchise fees to raise revenue.

[H.F. 1147](#), Bill makes technical changes to Ramsey County human resources statues.

[H.F. 1152](#), Bill creates a transportation employee ombudsperson appointed by the commissioner, they are neutral and a liaison regarding morale/policies.

[H.F. 1154](#), Bill requires a review and assessment concerning the Department of Transportation.

[H.F. 1155](#), Bill requires the commissioner of transportation to develop a performance, stewardship, and sustainability plan for the trunk highway system. Referred to the Committee on Transportation and Regional Governance Policy.

[H.F. 1159](#), Bill clarifies that peace officers are permitted to carry their firearms within private establishments.

[H.F. 1160](#), Bill requires auditing and reporting on certain transit financial activity.

[H.F. 1178](#), Bill authorizes certain workforce housing projects.

[S.F. 869](#), Bill provides a refundable credit for the modification or improvement to homes of people with disabilities.

[S.F. 881](#), Bill prohibits aid for cities with sanctuary ordinances. Referred to the Committee on Taxes.

[S.F. 883](#), (Dibble) - Bill establishes a task force to study and make recommendations on metropolitan governance.

[S.F. 884](#), Bill establishes the governor's budget for transportation and public safety activities, imposes a motor fuels gross receipts tax and a metropolitan area transit sales and use tax.

[S.F. 891/H.F. 1008](#), Bill extends the hours of sale for liquor.

[S.F. 892](#), Pratt – Bill modifies the governance of the Metropolitan Council.

[S.F. 904/HF 677](#), Bill finances the trunk highway system by allocating certain general funds for the corridors of commerce program.

[S.F. 905](#), Bill requires certain criteria to be met before a state agency sues a local government.

[S.F. 910](#), Bill appropriates money for data practices training and technical assistance for local units of government through the information Policy Analysis Division of the Department of Administration. Referred to the Committee on Judiciary and Public Safety Finance and Policy.

[S.F. 932](#), Bill modifies the allocation of motor vehicle lease sales tax revenue. Referred to the Committee on Taxes.

[S.F. 933](#), Dibble - Bill establishes a larger cities assistance account, fees and surcharge allocation modified.

[H.F. 1196](#), Bill establishes a voting equipment grant to counties and municipalities for the purchase or lease of electronic roster systems.

[H.F. 1227](#), Bill makes policy changes to corporate franchise taxes, property taxes, local government aids, and others.

[H.F. 1236](#), Bill regards local government financing; expands the authority to issue capital notes, certificates of indebtedness, and general obligation revenue bonds. Bill permits the issuance of street reconstruction bonds by majority vote.

[H.F. 1241](#), Bill requires the commissioner of transportation to consult, develop, adopt and publicize best practices to improve objectivity and transparency in project selection processes.

[H.F. 1246](#), Bill increases local government aid for certain county-administered land.

[H.F. 1248](#), Bill appropriates money for onetime grants to local governments. Referred to the Committee on Taxes.

[S.F. 968](#), Bill appropriates money for the Minnesota investment fund and money for the Job Creation Fund.

[S.F. 975](#), Bill requires Metropolitan Council members to regularly communicate with elected officials in their district.

[S.F. 1011](#), Bill requires auditing and reporting on certain transit financial activity. Referred to the Committee on State Government Finance and Policy and Elections.

[S.F. 1017](#), Bill modifies the assessment of manufactured homes. Referred to Committee on Taxes.

[H.F. 1305](#), Bill requires Metropolitan Council members to regularly communicate with elected officials in their district.

[H.F. 1320](#), Bill increase the annual appropriation for local government aid to cities.

[S.F. 1037](#), Bill authorizes a valuation exclusion from certain improvements to homestead and commercial-industrial property.

[S.F. 1076](#), Bill requires the commissioner of transportation to consult, develop, adopt and publicize best practices to improve objectivity and transparency in project selection processes and requires a report.

[S.F. 1085](#), Bill authorizes municipalities to allow off-sales on Sundays, prohibits certain deliveries on Sunday.

[S.F. 1086](#), Bill permits off-sale intoxicating liquor sales on Sundays.

Metro Cities News is emailed periodically to all Metro Cities member mayors, councilmembers, city managers and administrators to keep officials abreast of important metro city issues. This information is also intended to be shared with city staff.

If you'd like to sign up to receive Metro Cities News, please email newsletter@metrocitiesmn.org and provide the following: Name, Title, Employer and Email address. Thank you.

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