

August 7, 2019

**TO:** Housing & Economic Development Policy Committee Members  
**FROM:** Bryan Hartman, Committee Chair and HRA Program Manager, Bloomington  
**SUBJECT:** Meeting Notice and Agenda

***Wednesday, August 14, 2019***  
***1:00 pm – 3:30 pm***  
***1<sup>st</sup> floor, St. Croix Room***

LMC Building - 145 University Avenue West, St. Paul, MN 55103  
*(NW corner of University Ave. and Rice St.)*

- ◆ There is no charge for parking, but please sign in at the LMC front desk when you arrive.
  - ◆ Light refreshments will be available; please feel free to bring your own refreshments if preferred.
  - ◆ Thank you for agreeing to be a policy committee member!
- 

Attached are the materials for the second Housing & Economic Development Policy Committee meeting. Please take the time to read through the policies before the meeting and come with your ideas and suggestions.

### **AGENDA**

1. Call to order.
2. Introduction of Committee.
3. **SPEAKER:** Commissioner Jennifer Ho, Minnesota Housing Finance Agency, on unsheltered population, city roles in housing, accessing deeper affordability funds, funds for preserving existing housing.
4. Discussion of policies, potential modifications and ideas for new policies.
5. Other business.
6. Adjourn. (3:30 pm)

*Future Committee Meeting:*  
**Wednesday, September 11, 2019**

August 7, 2019

<b>TO:</b>	Housing & Economic Development Policy Committee
<b>FROM:</b>	Charlie Vander Aarde, Metro Cities Staff
<b>RE:</b>	Memo – August 14, 2019 Housing & Economic Development Policy Committee

Enclosed are materials for the second meeting of the Housing & Economic Development Policy Committee next **Wednesday, August 14, 2019 at 1:00 pm**. The committee will begin with a presentation by Jennifer Ho, Commissioner, Minnesota Housing, on how the state works with local governments to produce and preserve housing, accessing funds for deeper affordability, and meeting the needs of unsheltered Minnesotans.

Enclosed is a one-pager prepared by staff on city actions to support housing development.

Based on discussions from the first meeting and staff’s review, language has been drafted for several policies for your consideration. Policies without recommended changes at this point are also listed below. Please review the enclosed policies in advance of the meeting and come prepared to provide suggestions and ideas.

<b>Housing &amp; Economic Development</b> (Policies without recommended changes at this time.)	
<b>3-A</b>	<b>City Role in Housing</b>
<b>3-C</b>	<b>Inclusionary Housing</b>
<b>3-E</b>	<b>Allocation of Affordable Housing Need</b>
<b>3-F</b>	<b>Housing Performance Scores</b>
<b>2-I</b>	<b>Annexation</b>
<b>3-M</b>	<b>Eminent Domain</b>
<b>3-N</b>	<b>Community Reinvestment</b>
<b>3-O</b>	<b>Business Incentives Policy</b>
<b>3-P</b>	<b>Broadband Technology</b>
<b>3-R</b>	<b>Impaired Waters</b>

<b>Housing &amp; Economic Development</b> (Policies with suggested draft edits and language.)	
<b>3-B</b>	<b>City Role in Affordable and Life Cycle Housing:</b> <i>new language recognizes the link between housing and transit; consolidates existing policy language; and recognizes a full range of housing options including for residents with disabilities and various mobilities, and people needing supportive services.</i>
<b>3-D</b>	<b>Met Council Role in Housing:</b> <i>hold for further discussion.</i>
<b>3-G</b>	<b>State Role in Housing:</b> <i>suggested draft language clarifies MHFA funds can be used for publicly and privately-owned housing; new language supports tenant access to housing and housing stability; new language clarifies support for the state’s existing 4d program, strikes expansion language, and supports a study of the program with city input.</i>
<b>3-H</b>	<b>Federal Role in Affordable and Workforce Housing:</b> <i>new language supports preserving affordable housing.</i>

<b>3-I</b>	<b>Vacant, Boarded, and Foreclosed Properties and Properties at Risk:</b> <i>staff consolidated two bullet points.</i>
<b>3-J</b>	<b>Housing Ordinance Enforcement:</b> <i>includes an updated statutory citation.</i>
<b>3-K (1)</b>	<b>Economic Development:</b> <i>a reference to Greater MSP was stricken.</i>
<b>3-K (2)</b>	<b>Redevelopment:</b> <i>new language supports a one-year refund schedule for the state historic tax credit.</i>
<b>3-K (3)</b>	<b>Workforce Readiness:</b> <i>new language supports removing barriers to education access.</i>
<b>3-L</b>	<b>Tax Increment Financing:</b> <i>language referencing economic crises was stricken.</i>
<b>3-Q</b>	<b>City Role in Environmental Protection and Sustainable Development:</b> <i>new language supports state funding for municipal renewable energy objectives.</i>

We look forward to seeing you on the 14<sup>th</sup>.

**Housing & Economic Development Policy Committee Meeting**  
**Wednesday, July 10, 2019**  
**Minutes**

Present: Jody Brennan, Tracy Shimek, Alyssa Wetzel-Moore, Lance Benninghoff, Brad Martens, Steve Juetten, Janice Gundlach, Jenni Faulkner, Dan Katzenberg, Patrick Smith, Ben Gozola, Julie Jeppson, Dan Ryan, Loren Olson, Alysén Nesse, Brian Beeman, Connie Buesgens, ThaoMee Xiong, Sara Alig, Karl Batalden, Brooke Bordson, Bill Neuendorf, Shannon Guernsey, Kim Bergren, Ned Carroll, Irene Kao, Daniel Lightfoot, Bruce Nordquist, Josh Berg, Chair Brian Hartman. Staff: Charlie Vander Aarde, Patricia Nauman, Steven Huser, Kimberly Ciarrocchi.

Chair Hartman called the meeting to order at 1:04 pm and asked members to introduce themselves. Ms. Nauman reviewed the policy committee process. Mr. Vander Aarde reviewed the committee memo and proceeded to review the policies and legislative updates.

3-A

Mr. Batalden asked staff to assist with responses to the BATC housing report. Mr. Neuendorf commented on differences between reports in the industry but noted that the BATC report has gained traction. Ms. Nauman commented that Metro Cities staff will follow the work of the legislative commission and Senate Select Committee on housing closely and provide responses as appropriate. Ms. Faulkner asked if we had what was needed in the policies for staff to guide and lead. Mr. Vander Aarde responded that he was comfortable with the language. Discussion.

3-B

Metro Cities provided input to legislators as the Legislative Commission on Housing Affordability was proposed and will monitor this commission and provide updates once the meetings begin. Mr. Nordquist commented asked about mobility solutions in regard to housing. Discussion. Mr. Neuendorf asked if it could be added as a bullet point that housing and transportation work together – any affordable housing scores better if it is within walking distance of a transit station. Ms. Gundlach commented that it would be helpful to have financial resources through the Livable communities to help fund offsite items, noting that offsite access to BRT for example, is difficult and stated that programs are intended to help deal with the transit gaps. Mr. Berg commented it seems that this policy is missing a reference to people at all stages of life. Ms. Xiong thanked staff for bringing strong testifiers to legislative committees.

3-C

Mr. Berg commented that there is some legislative push for requirements for Assisted Living to have a certain number of units set aside for affordable housing. Mr. Batalden asked if it would be beneficial to have a stand-alone senior housing policy. Mr. Ryan commented on lifestyle housing design. Ms. Berggren asked if we could include universal design in the policy. Mr. Batalden commented we should go off state code, instead of ADA, which is federal. Mr. Vander Aarde commented that page 3, bullet point 5 covers these issues and could be strengthened to refer to mobility as well.

3-D

There was discussion on the Metropolitan Council's requirements for comprehensive plans in asking cities when they would use TIF, density, etc. Mr. Juetten commented that Plymouth had back and forth conversations with the Council on this issue. Ms. Gundlach commented that the Council told the city it had to raise minimum densities in areas within a few miles of a BRT station, but it did impact a few sites that had been flagged as redevelopment and the city removed these as it would have opened a much larger discussion with the neighborhood. Ms. Nauman stated that Metro Cities has heard from some cities with concerns on the comp plan requirements and that the Metropolitan Agencies Policy Committee would be conducting a debrief at its next meeting.

3-E

Mr. Juetten commented that while this might not come up for a while, this issue should be monitored ahead of the next allocation.

3-F

No legislative updates. Mr. Vander Aarde noted the annual schedule.

3-G

Ms. Nesse said that Minneapolis would like to consider a further study of 4d. Mr. Kitzberger of MN Housing expressed appreciation for Metro Cities and LMC staff's legislative partnerships and work. Mr. Batalden commented that it is important to have tools and resources but does not believe 4d is going to become a magic bullet from a suburban point of view. Mr. Neuendorf said Edina supports the state 4d program. Ms. Berggren commented on the need for additional funding. Ms. Xiong asked Mr. Kitzberger if there were requirements for the \$60 million capital appropriation. Discussion. Ms. Berggren commented there was a growing conversation around programs and policies that provide the opportunity to reduce racial disparities in housing. Mr. Ryan, Ms. Nesse and Ms. Xiong commented on the impact 4d could have on tax increases.

3-H

Mr. Smith commented that the federal government made changes and would be good to see if we could reverse it. Ms. Faulkner had a wording comment where it says catalyst.

3-I

Mr. Nordquist asked about the bullets in the policy on improvements to cost assignment processes and the ability of cities to recoup public costs, and whether these are making similar points.

3-J

Mr. Batalden noted the last sentence in the first paragraph, stating that this language would appear to get at the costs of building a house. Discussion.

3-K (1)

Mr. Batalden suggested striking the reference to Greater MSP so that the reference is broader to include additional entities. Mr. Neuendorf commented that Edina has not directly benefited from Greater MSP but would like to have a reference that the economy functions regionally. Mr.

Martens commented that the statement is not endorsing Greater MSP but states where the number came from.

3-K (2)

The dollars are statutorily required to be divided equally between metro and greater Minnesota.

3-K (3)

Ms. Faulkner asked if we wanted to discuss the education system and preparing students for workforce readiness, but there are stronger ties between public education and workforce readiness. Mr. Batalden supports those comments, and how building inspectors are one of the fastest aging groups, and there are not a large amount of young people coming into that field, so we could encourage MNSCU and State Education to offer these types of courses. Ms. Faulkner agreed, and mentioned cities as employers and how can we help ourselves. Mr. Berg commented that these are topics being discussed. Ms. Berggren mentioned there are a lot of barriers to access such as location of services, requirements to access funding, so would like to see language removing barriers to access.

3-L

Ms. Nauman reviewed the policy. Ms. Faulkner asked to strike the term economic crisis from the language, it's a change in the marketplace. Mr. Ryan agreed on striking economic crisis.

3-M

No legislative updates.

3-N

There's a lot of discussion but not a lot of consensus on how to do it.

3-O

No legislative updates.

3-P

There was an appropriation, but no legislative updates.

3-Q

Mr. Huser reviewed the policy.

Grant application should happen soon, and staff will update members on the timeline.

3-R

Mr. Huser reviewed the policy and stated there were no legislative updates. Mr. Smith commented he has been working with the DNR to make sure they can still meet the Metropolitan Council's requirements for density. He suggested it might be helpful to have model ordinances, one for the metro area and one outside it. Ms. Berggren asked if solar was included in a policy or if this is the place to bring a discussion about energy options in development. Mr. Huser said that could be considered in policy 3-Q.

Mr. Vander Aarde asked for additional input on speakers and topics. Mr. Batalden asked if Commissioner Ho, who is scheduled for the second meeting, has specific items to discuss or whether it was more general. Mr. Vander Aarde will provide her with a list of topics. Ms. Xiong would like to hear Commissioner Ho speak about homeless encampments and how to respond as local communities. Ms. Berggren commented on economic inclusion and possibly some language to be more proactive on addressing these issues.

Mr. Vander Aarde noted that staff would be participating in a meeting with the LMC and city officials on infrastructure fees and that staff will provide more information and updates on any discussions to the committee.

The meeting adjourned at 2:59 pm.

# Housing & Economic Development

## 1 **Policies 3-A to 3-J: Introduction**

2 While the provision of housing is predominantly a private sector, market-driven activity, all  
3 levels of government – federal, state, regional and local – have a role to play in facilitating the  
4 production and preservation of affordable housing in Minnesota.

5  
6 Adequate affordable housing is a significant concern for the metropolitan region and effective  
7 approaches require participation from all levels of government, the private sector and nonprofit  
8 groups.

## 9 **3-A City Role in Housing**

10 All cities facilitate the development of housing via land use planning, zoning ordinances,  
11 subdivision regulations and rental licensing. Cities should have sufficient authority and  
12 flexibility to promote housing types best suited to meet local needs, public purposes and goals.

13  
14 While local government financial resources constitute a relatively small portion of the total costs  
15 of providing housing, many cities take on a significant administrative burden by providing  
16 financial incentives and regulatory relief, participating in state and regional housing programs  
17 and supporting either local or countywide housing and redevelopment authorities and community  
18 development agencies.

19  
20 Cities are responsible for most of the ground-level housing policy in Minnesota; including land  
21 use planning, code enforcement, rental licensing, and often the packaging of financial incentives.  
22 Cities are also responsible for ensuring the health and safety of residents and the structural  
23 soundness and livability of the local housing stock through building permits and inspections.  
24 Cities establish fee structures for residential development to cover the costs of growth and  
25 corresponding needs for public infrastructure. It is the responsibility of cities to periodically  
26 review local requirements such as land use regulations and ordinances to ensure that they are  
27 consistent with these purposes.

28  
29 **Metro Cities strongly opposes any effort to reduce, alter or interfere with cities' authority**  
30 **to carry out these functions in a locally determined manner.**

## 31 **3-B City Role in Affordable and Life Cycle Housing**

32 **Metro Cities supports housing that is affordable and appropriate for people at all stages of**  
33 **life.** A variety of housing opportunities are important to the economic and social well-being of  
34 individual communities and the region. The region faces challenges in meeting the existing and  
35 future housing needs of low and moderate-income residents. Existing housing stock is aging,  
36 with roughly half older than 40 years old, according to the U.S. Census Bureau. Older housing  
37 stock can be more affordable; however, it requires investments to remain viable. Private  
38 investors have purchased subsidized and unsubsidized rental units, made improvements and



39 charged higher rents that have made access to previously affordable units prohibitive for low and  
40 moderate-income residents. The Metropolitan Council has projected the region will add nearly  
41 35,000 households between 2021 and 2030 that will need affordable housing and require a  
42 subsidy of \$5 billion to meet the needs of households earning up to 50 percent area median  
43 income.

44

45 Cities should work with the private and nonprofit sectors, counties, state agencies and the  
46 Metropolitan Council to ensure the best use of new and existing tools and resources to produce  
47 new housing and preserve existing affordable housing. Cities can facilitate the production and  
48 preservation of affordable and life cycle housing by:

49

50 • Applying for funding from available grant and loan programs;

51

52 • Using city and county funds to support affordable housing. This can include creating a  
53 local or regional housing trust fund to support affordable housing;

54

55 • Providing information, encouraging participation and incentivizing participation in the  
56 Section 8 Housing Choice Voucher program to landlords;

57

58 • Working with developers and residents to blend affordable housing into new and existing  
59 neighborhoods, including locations with access to amenities and services;

60

61 • Working with the state and Metropolitan Council to recognize the relationship between  
62 housing and mobility options, including transit and pedestrian routes; *(recommended change*  
63 *from Apple Valley, Edina, Roseville, committee discussion)*

64

65 • Periodically examining local requirements, policies and review processes to determine  
66 their impacts on the construction of affordable housing;

67

68 • ~~Periodically reviewing locally imposed development costs and policies;~~ *(recommended*  
69 *change from staff)*

70

71 • Considering criteria under which a city may change its fee structure in support of  
72 additional affordable housing;

73

74 • Supporting housing options that meet a city's current and future demographics, including  
75 family size, age, mobility, and ability levels; *(recommended change from Woodbury, Brooklyn*  
76 *Center, committee discussion)*

77

78 • Supporting housing design that is flexible, accessible and usable for residents with varied  
79 abilities at multiple stages of life; *(recommended change from committee discussion)*

80

81 • Supporting housing with supportive services for people with disabilities; *(recommended*  
82 *change from Elko New Market)*

83

- 84 • Employing innovative strategies to advance affordable housing needs such as public-  
85 private partnerships or creative packaging of regulatory relief and incentives;  
86
- 87 • Using available regulatory mechanisms to shape housing communities;  
88
- 89 • Recognizing the inventory of subsidized and unsubsidized (naturally occurring)  
90 affordable housing; and  
91
- 92 • Working collaboratively with buyers and sellers of naturally occurring affordable housing  
93 to retain affordability.

### 94 **3-C Inclusionary Housing**

95 While Metro Cities believes there are cost savings to be achieved through regulatory reform,  
96 density bonuses as determined by local communities, and fee waivers, Metro Cities does not  
97 believe a mandatory inclusionary housing approach can achieve desired levels of affordability  
98 solely through these steps. Several cities have established local inclusionary housing policies, in  
99 some cases requiring the creation of affordable units if the housing development uses public  
100 financial assistance or connecting the policy to zoning and land use changes. The Metropolitan  
101 Council, in distributing the regional allocation of housing need, must recognize both the  
102 opportunities and financial limitations of cities. The Council should partner with cities to  
103 facilitate the creation of affordable housing through direct financial assistance and/or advocating  
104 for additional resources through the Minnesota Housing Finance Agency.  
105

106 **Metro Cities supports the location of affordable housing in residential and mixed-use**  
107 **neighborhoods throughout a city. Metro Cities supports a city’s authority to enact its own**  
108 **inclusionary housing policy. However, Metro Cities does not support passage of a**  
109 **mandatory inclusionary housing state law imposed on local governments that would**  
110 **require a certain percentage of units in all new housing developments to be affordable to**  
111 **households at specific income levels.**

### 112 **3-D Metropolitan Council Role in Housing**

113 The Metropolitan Council is statutorily required to assist cities with meeting the provisions of the  
114 Land Use Planning Act (LUPA). The LUPA requires cities to adopt sufficient standards, plans  
115 and programs to meet their local share of the region’s overall projected need for low and  
116 moderate-income housing. The Council’s responsibilities include the preparation and adoption of  
117 guidelines and procedures to assist local government units with accomplishing the requirements  
118 of the LUPA.  
119

120 The Metropolitan Council also offers programs and initiatives to create affordable housing  
121 opportunities, including the Livable Communities Act programs and operation of a metropolitan  
122 housing and redevelopment authority.  
123

124 Unlike parks, transit and wastewater, housing is not a statutory regional system. The

125 Metropolitan Council’s role, responsibilities and authority are more limited in scope, centered on  
126 assisting local governments by identifying the allocation of need for affordable housing,  
127 projecting regional growth and identifying available tools, resources, technical assistance and  
128 methods that cities can use to create and promote affordable housing opportunities in their  
129 communities.

130  
131 The Metropolitan Council should work in partnership with local governments to ensure that the  
132 range of housing needs for people at various life-cycle and incomes can be met. **Metro Cities**  
133 **opposes the elevation of housing to “Regional System” status. Metro Cities supports**  
134 **removing the Metropolitan Council’s review and comment authority connected to housing**  
135 **revenue bonds under M.S. 462C.04.**

136  
137 In 2014, the Metropolitan Council released a housing policy plan, the first of its kind in nearly 30  
138 years. A housing policy plan should include defined local, regional and state roles for the  
139 provision of housing in all sectors, identify the availability of and need for tools and resources  
140 for affordable and lifecycle housing, be explicit in supporting partnerships for the advocacy for  
141 state and federal resources for housing, and encompass policies, best practices and technical  
142 guidance for all types of housing. A plan should also recognize the diversity in local needs,  
143 characteristics and resources.

144  
145 **Metro Cities supports strategies such as regional and sub-regional cooperation and the**  
146 **sharing of best practices among local governments and other entities and partners to**  
147 **address the region’s affordable housing needs.**

148  
149 A policy plan should allow for ongoing research and analysis by the Metropolitan Council to  
150 provide communities with timely and updated information on regional and local housing needs  
151 and market trends as regional and local needs change and evolve. **Metro Cities supports the**  
152 **solicitation and use of local data, inputs and analyses and local governments’ review of**  
153 **such data.**

154  
155 **Metro Cities supports continued city representation in any updated or new regional**  
156 **housing policy plan.**

### 157 **3-E Allocation of Affordable Housing Need**

158 The allocation of affordable housing need methodology determines how many affordable  
159 housing units will be needed in the region and distributes the need by assigning each city its fair  
160 share through an affordable housing need number. M.S. 473.859 requires cities to guide  
161 sufficient land to accommodate local shares of the region’s affordable housing need. **Metro**  
162 **Cities supports additional Metropolitan Council resources to assist cities in meeting cities’**  
163 **share of the region’s affordable housing needs.**

164  
165 **Metro Cities supports the creation of a variety of housing opportunities.** However, the  
166 provision of affordable and lifecycle housing is a shared responsibility between the private sector  
167 and government at all levels, including the federal government, state government and  
168 Metropolitan Council. Land economics, construction costs and infrastructure needs create

169 barriers to the creation of affordable housing that cities cannot overcome without assistance.  
170

171 **Therefore, Metro Cities supports a Metropolitan Council affordable housing policy and**  
172 **allocation of need methodology that recognizes the following tenets:**

- 173
- 174 • **Regional housing policies characterize individual city and sub-regional housing**  
175 **numbers as a range of needs in the community;**  
176
- 177 • **Cities need significant financial assistance from the federal and state government, as**  
178 **well as the Metropolitan Council, to make progress toward creating additional affordable**  
179 **housing and preserving existing affordable housing;**  
180
- 181 • **Metropolitan Council planning and policies must be more closely aligned to help**  
182 **ensure that resources for transportation and transit are available to assist communities in**  
183 **addressing their local share of the regional affordable housing need and to ensure that all**  
184 **populations have adequate mobility to reach jobs, education and other destinations**  
185 **regardless of where they live;**  
186
- 187 • **The Metropolitan Council will not hold cities responsible if a city does not meet its**  
188 **affordable housing need number. However, efforts to produce affordable housing may be**  
189 **considered when awarding grants;**  
190
- 191 • **The Metropolitan Council, with input by local government representatives, should**  
192 **examine the allocation of need methodology with respect to the relationship between the**  
193 **regional allocation and the local share of the need. The formula should also be routinely**  
194 **evaluated to determine if market conditions have changed or if underlying conditions**  
195 **should prompt readjustment of the formula;**  
196
- 197 • **The Council should use a methodology that incorporates data accumulated by**  
198 **individual cities and not limited to census driven or policy driven growth projections;**  
199
- 200 • **The formula should be adjusted to better reflect the balance and breadth of existing**  
201 **subsidized and naturally occurring affordable housing stocks; and**  
202
- 203 • **The Council should work with local governments through an appeals process in**  
204 **order to resolve any local issues and concerns with respect to the need allocations.**

### 205 **3-F Housing Performance Scores**

206 The Metropolitan Council calculates a city’s housing performance score annually. Scores are  
207 determined using an annual city survey as well as Council data. The Council uses city Housing  
208 Performance Scores when scoring the Regional Solicitation for federal transportation points and  
209 the Council’s Livable Communities grant programs. Cities may review their own as well as other  
210 cities’ Housing Performance Scores periodically to gauge recent activity on affordable housing  
211 preservation and new construction.

212  
213 **Metro Cities supports Housing Performance Score criteria that recognize varying local**  
214 **resource capacities, tools, programs and policies to support housing production and the**  
215 **market nature of housing development, and that do not limit cities to a prescriptive list of**  
216 **tools and policies.** The criteria for determining the score should adequately recognize the current  
217 tools, policies and resources employed by local governments.

218  
219 **Metro Cities supports a process for local governments to review, comment on and appeal**  
220 **preliminary Housing Performance Scores as well as provide additional information to be**  
221 **used in calculating the scores.**

222  
223 **Metro Cities supports a consistent schedule for sending the annual housing production**  
224 **survey to cities.**

225  
226 In considering Housing Performance Score uses and criteria:

- 227
- 228 • The Council should engage in a periodic review of the formula;
  - 229
  - 230 • Any proposed new or expanded uses or programs in which the Housing Performance  
231 Scores would be used should be reviewed by local officials; and
  - 232
  - 233 • The Council should recognize market factors such as downward economic cycles when  
234 setting timelines and look-backs in calculating recent affordable housing production.

### 235 **3-G State Role in Housing**

236 The state must be an active participant in providing funding for housing, including direct  
237 funding, financial incentives and initiatives to assist local governments and developers to support  
238 affordable housing and housing appropriate for people at all stages of life. State funding is a  
239 major and necessary component for the provision of housing. Current resource levels are  
240 insufficient to meet the spectrum of needs in the metropolitan region and across the state.

241  
242 Primarily through programs administered by the Minnesota Housing Finance Agency (MHFA),  
243 the state establishes the general direction and prioritization of housing issues, and financially  
244 supports a variety of housing, including transitional housing, privately and publicly owned  
245 housing, *(recommended change from Minneapolis)* supportive housing, senior housing,  
246 workforce housing and family housing. Minnesota's low-income rental property classification,  
247 commonly known as class 4d, allows landlords to certify qualifying low-income rental property.  
248 The state must continue to be an active partner in addressing life cycle and affordable housing  
249 needs.

250  
251 Workforce housing is generally defined as housing that supports economic development and job  
252 growth and is affordable to the local workforce. A statewide program, administered through the  
253 Minnesota Housing Finance Agency, supports workforce homeownership efforts in the  
254 metropolitan area. State policies and funding should recognize that affordable housing options

255 that are accessible to jobs and meet the needs of a city’s workforce, are important to the  
256 economic competitiveness of cities and the metro region. In addition, significant housing related  
257 racial disparities persist in Minnesota, especially as it relates to the percentage of households of  
258 color who pay more than 30 percent of their income in housing costs, and as it relates to the  
259 significant disparity gap in homeownership rates.

260

261 **Metro Cities supports:**

262

263 • **Increased, sustainable and adequate state funding for new and existing programs**  
264 **that support life cycle, workforce and affordable housing, address homeownership**  
265 **disparities, address foreclosure mitigation, address housing for families with children, and**  
266 **support senior, transitional and emergency housing for the metro region;**

267

268 • **A state match for local and regional housing trust fund investments and local**  
269 **policies in support of affordable housing. State funds should be issued on a timeline that**  
270 **works with a city’s budget process;**

271

272 • **Private sector funding for workforce housing;**

273

274 • **Housing programs that assist housing development, preservation and maintenance**  
275 **of existing housing stock, including unsubsidized, naturally occurring affordable housing**  
276 **that is affordable to residents throughout the low-to-moderate income range;**

277

278 • **State funded housing programs, including rental assistance, to help with rent**  
279 **affordability;**

280

281 • **Housing programs designed to develop market rate housing in census blocks with**  
282 **emerging or high concentrations of poverty, where the private market might not otherwise**  
283 **invest, as a means of creating mixed-income communities and reconciling affordable**  
284 **housing with community development goals;**

285

286 • **Continuing the policy of using the Minnesota Housing Finance Agency’s investment**  
287 **earnings for housing programs;**

288

289 • **City input into state legislation and administrative policies regarding distribution of**  
290 **tax credits and tax-exempt bonding;**

291

292 • **Exemptions from, or reductions to sales, use and transaction taxes applied to the**  
293 **development and production of affordable housing;**

294

295 • **Consideration of the use of state bond proceeds and other appropriations for land**  
296 **banking, land trusts, and rehabilitation and construction of affordable housing;**

297

298 • **Programs that help avoid foreclosures, improve homeownership rates and reduce**  
299 **racial disparities through homeownership assistance programs and counseling services,**

300 including pre-purchasing counseling to improve financial wellness and inform homeowners  
301 and potential homeowners of their rights, options and costs associated with owning a home;  
302

303 • **Tenant protections to support access to affordable housing and housing stability for**  
304 **tenants;** *(suggested change from Brooklyn Park, Minneapolis)*  
305

306 • **Preserving ~~and expanding~~ the state 4d low-income property tax program which**  
307 **provides a property tax benefit to qualifying low-income rental properties. Metro Cities**  
308 **supports evaluating the 4d low-income property tax program to determine how program**  
309 **changes could affect renters, landlords and property taxpayers. Studies should include**  
310 **participation and input from metropolitan local government representatives;** *(suggested*  
311 *change from St. Paul, Minneapolis)*  
312

313 • **An affordable housing tax credit to help spur construction and secure additional**  
314 **private investment. This incentive could be used in conjunction with city, regional, or other**  
315 **state incentives; and**  
316

317 • **Maintaining existing municipal authority to establish a housing improvement area**  
318 **(HIA). If the Legislature grants multi-jurisdictional entities the authority to create HIAs,**  
319 **creation of an HIA must require municipal approval.**

### 320 **3-H Federal Role in Affordable and Workforce Housing**

321 Federal funding plays a critical role in aiding states and local governments in their efforts to  
322 maintain and increase affordable and workforce housing. Providing working families access to  
323 housing is an important piece to the economic vitality of the region.  
324

325 Metro Cities encourages the federal government to maintain and increase current levels of  
326 funding for affordable and workforce housing. Federal investment in affordable and workforce  
327 housing will maintain and increase the supply of affordable and life cycle housing as well as  
328 make housing more affordable through rental assistance programs such as the Section 8 housing  
329 choice voucher program.  
330

331 In July 2015, the U.S. Department of Housing and Urban Development (HUD) released a final  
332 rule on affirmatively furthering fair housing (AFFH) with an aim to provide communities that  
333 receive HUD funding with clear guidelines to meet their obligation under the Fair Housing Act  
334 of 1968 to promote and reduce barriers to fair housing and equal opportunity. HUD has since  
335 provided new guidance to comply with the AFFH rule.  
336

337 Opportunity Zones is a community development program established by Congress in the Tax  
338 Cuts and Jobs Act of 2017 to encourage long-term investments in low-income urban and rural  
339 communities nationwide. The Opportunity Zones program provides a tax incentive for investors  
340 to re-invest their unrealized capital gains into Opportunity Funds that are dedicated to investing  
341 into Opportunity Zones as designated by the chief executives of every state and territory in the  
342 United States. The tax incentive is available for up to ten years.

343  
344 As the chief executive of the state of Minnesota, Governor Mark Dayton designated 128 census  
345 tracts across the state as Opportunity Zones, but beyond the responsibility for this designation the  
346 state does not have an additional role in the implementation of the Act. As the United States  
347 Treasury Department has yet to release rules for Opportunity Zones, there are many unknowns  
348 about the effects the Act will have on communities. It is anticipated that the Act may be a useful  
349 tool in spurring development in low-income communities and could help with business  
350 development and jobs. There are also questions about what impact the Act will have on the  
351 residents that live and businesses that operate in these communities today. For example, while  
352 development may have positive impacts such as increasing tax base or job opportunities, robust  
353 development could have unintended consequences such as displacement of current residents and  
354 businesses.

355  
356 Metro Cities urges the federal government to seek regular input from communities, especially  
357 from individuals and businesses within Opportunity Zones, regarding how the tool is being used,  
358 whether the tool is encouraging new development opportunities, and how community members  
359 who live in the Zones are impacted. The Federal Government should seek input from local  
360 communities throughout the implementation of the rules and regulations and consider necessary  
361 amendments and adjustments as needed in response to potential questions or concerns raised by  
362 the communities whose residents, workers, and businesses will be experiencing the changes that  
363 ensue in the Zones.

364  
365 The State of Minnesota should utilize community development resources to stimulate investment  
366 in Opportunity Zones and adopt policies that ensure that local residents, workers and businesses  
367 benefit from the investments.

368  
369 **Metro Cities supports the following:**

- 370
- 371 • **Preserving and increasing funding for the Community Development Block Grant**  
372 **Program (CDBG) and the federal HOME program that are catalysts for creating and**  
373 **preserving affordable housing; (*recommended change from Burnsville*)**  
374
  - 375 • **Preserving and increasing resources and incentives to sustain existing public**  
376 **housing throughout the Metro Area;**  
377
  - 378 • **Maintaining the federal tax credit program to help spur construction and secure**  
379 **additional private investment, including making the four percent Low Income Housing Tax**  
380 **Credit a fixed rate as was done with the nine percent credit in 2015;**  
381
  - 382 • **Creating and implementing a more streamlined procedural method for local units of**  
383 **government to participate in and access federal funding and services dealing with grants,**  
384 **loans, and tax incentive programs for economic and community development efforts;**  
385
  - 386 • **Additional resources to assist communities to meet obligations to reduce barriers to**  
387 **and promote fair housing and equal opportunity;**  
388



389 • **Maintaining and increasing resources to Section 8 funding and to support incentives**  
390 **for rental property owners to participate in the program; and**

391  
392 • **Federal funding to provide short-term assistance for HRAs to facilitate the sale of**  
393 **tax- exempt bonds.**

394 **3-I Vacant, Boarded, and Foreclosed Properties and Properties at Risk**

395 Abandoned residential and commercial properties can harm communities when vacant buildings  
396 result in reduced property values and increased crime. The additional public safety and code  
397 enforcement costs of managing vacant properties are a financial strain on cities.

398  
399 **Metro Cities supports solutions to vacant and boarded properties that recognize:**

- 400
- 401 • **Prevention is more cost effective than a cure;**
  - 402
  - 403 • **The causes of this problem are many and varied, thus the solutions must be as well;**  
404 **and**
  - 405
  - 406 • **It is not simply a “city” problem so cities must not be expected to bear the bulk of**  
407 **the burden of mitigation.**

408  
409 **Further, Metro Cities supports:**

- 410
- 411 • **Registration of vacant and boarded properties;**
  - 412
  - 413 • **Allowing cities to acquire vacant and boarded properties before deterioration and**  
414 **vandalism result in unsalvageable structures, including providing financial tools such as**  
415 **increasing eminent domain flexibility;**
  - 416
  - 417 ~~• **Improvements to the cost assignment process to ensure that cities can recoup their**~~  
418 ~~**costs of managing vacant properties;** *(recommended change from committee discussion)*~~
  - 419
  - 420
  - 421 • **Improving the ability of cities to recoup the increased public safety, management,**  
422 **and enforcement costs related to vacant properties;** *(recommended change from committee*  
423 *discussion)*
  - 424
  - 425 • **Improvement of the redemption process to provide increased notification to renters,**  
426 **strengthen the ability of homeowners to retain their properties, and reduce the amount of**  
427 **time a property is vacant;**
  - 428
  - 429 • **Expedition of the tax forfeiture process;**
- 430

- 431 • **Increasing financial tools for neighborhood recovery efforts, including tax**
- 432 **increment financing; and**
- 433
- 434 • **Year-round notification by utility companies of properties not receiving utility**
- 435 **service.**

### 436 **3-J Housing Ordinance Enforcement**

437 A Minnesota State Supreme Court ruling, *Morris v. Sax*, stated that provisions of the city of  
438 Morris’ rental housing code were invalid because there were subjects dealt with under the state  
439 building code and the city was attempting to regulate these areas “differently from the state  
440 building code.” M.S. 16B.6s subdivision 1 states: “~~The state building code applies statewide and~~  
441 ~~supersedes the building code of any municipality. A municipality must not by ordinance or~~  
442 ~~through development agreement require building code provisions regulating components or~~  
443 ~~systems of any residential structure that are different from any provision of the state building~~  
444 ~~code.”~~”

445 M.S. 326B.121 Subd. 1 states: “The State Building Code is the standard that applies statewide  
446 for the construction, reconstruction, alteration, repair, and use of buildings and other structures of  
447 the type governed by the code. The State Building Code supersedes the building code of any  
448 municipality.” Subd. 2 states: A municipality must not by ordinance, or through development  
449 agreement, require building code provisions regulating components or systems of any structure  
450 that are different from any provision of the State Building Code. This subdivision does not  
451 prohibit a municipality from enacting or enforcing an ordinance requiring existing components  
452 or systems of any structure to be maintained in a safe and sanitary condition or in good repair,  
453 but not exceeding the standards under which the structure was built, reconstructed, or altered, or  
454 the component or system was installed, unless specific retroactive provisions for existing  
455 buildings have been adopted as part of the State Building Code. A municipality may, with the  
456 approval of the state building official, adopt an ordinance that is more restrictive than the State  
457 Building Code where geological conditions warrant a more restrictive ordinance. A municipality  
458 may appeal the disapproval of a more restrictive ordinance to the commissioner.” (*recommended*  
459 *change from staff*)

460

461 **Metro Cities supports the ability of cities to enforce all housing codes passed by a local**

462 **municipality to maintain its housing stock.**

### 463 **3-K Economic Development, Redevelopment and Workforce Readiness**

464 The economic viability of the metro area is enhanced by a broad array of economic development  
465 tools that create infrastructure, revitalize previously developed property, provide incentives for  
466 business development, support technological advances, support a trained workforce, and address  
467 disparities in economic development and workforce development. It should be the goal of the  
468 state to champion development and redevelopment by providing enough sustainable funding to  
469 assure competitiveness in a global marketplace. The state should recognize the relationship  
470 between housing and economic development. Economic development and redevelopment are not  
471 mutually exclusive – some projects require a boost on both counts. The State of Minnesota

472 should recognize cities as the primary unit of government responsible for the implementation of  
473 economic development, redevelopment policies and land use controls.

### 474 **3-K (1) Economic Development**

475 For purposes of this section, economic development is defined as a form of development that can  
476 contain direct business assistance, infrastructure development, technical assistance and policy  
477 support with the goal of sustainable job creation, job retention, appropriate state regulation or  
478 classification, or to nurture new or retain existing industry in the state. The measure of return on  
479 investment of public business subsidies should include the impact (positive or negative) of “spin-  
480 off development” or business development that is ancillary and supportive of the primary  
481 business.

482  
483 A strength of the regional economy has been its economic diversity. ~~GREATER MSP has~~  
484 ~~identified~~ Multiple industry clusters and sectors that employ a specialized, trained workforce and  
485 support entrepreneurs in developing new businesses. *(recommended change from Woodbury)*  
486 Partnerships and collaborations among the state and local levels of government, higher education  
487 and industry should continue to develop, to commercialize new technologies and to support  
488 efforts to enhance the economic vitality of the region.

489  
490 While cities are the primary unit of local government responsible for the implementation of  
491 economic development, counties have an interest in supporting local economic development  
492 efforts. Any creation of a county CDA, EDA or HRA with economic development powers  
493 should follow M.S. 469.1082 that requires a city to adopt a resolution electing to participate.  
494 Cities can work with the public and private sectors to support the region’s economic growth by  
495 reducing barriers to economic participation by people of color.

496  
497 **Metro Cities supports state funded programs that support new and expanding businesses,**  
498 **infrastructure development and public-private partnerships.** This includes the Minnesota  
499 Investment Fund, Job Creation Fund and Angel Tax Credit. Programs using statewide funding  
500 should strive to award funds balanced between the metro region and greater Minnesota. **Metro**  
501 **Cities supports competitive funding for statewide grant programs such as the Minnesota**  
502 **Investment Fund (MIF) as opposed to direct legislative appropriations for projects from**  
503 **these funds. Metro Cities supports a percentage of MIF loan repayments to cities.** The state  
504 should provide administrative support and technical assistance to cities that administer these  
505 programs. Applications for state MIF funds should allow a city to indicate support for a MIF  
506 grant or a loan.

507  
508 **Metro Cities supports economic tools that facilitate job growth without relying solely on**  
509 **the property tax base; green job development and related innovation and**  
510 **entrepreneurship; programs to support minority business start-ups; small business**  
511 **financing tools including a state new markets tax credit program mirrored on the federal**  
512 **program; tools to attract and retain data centers and other IT facilities; and maintaining**  
513 **existing municipal authority to establish a special service district (SSD). Metro Cities**  
514 **supports further study of allowing mixed-use buildings that have both commercial and**  
515 **residential uses to be included in an SSD.**

516 **3-K (2) Redevelopment**

517 Redevelopment involves the development of land that requires “predevelopment.” The goal of  
518 redevelopment is to facilitate the development of “pre-used” land, thereby leveling the playing  
519 field between greenfield and brownfield sites so that a private sector entity can rationally choose  
520 to locate on land that has already been used. The benefits of redevelopment include a decrease in  
521 Vehicle Miles Traveled (VMTs), more efficient use of new or existing public infrastructure  
522 (including public transit), ameliorated city costs due to public safety and code enforcement, and  
523 other public goods that result when land is reused rather than abandoned and compact  
524 development is encouraged.

525  
526 **Metro Cities supports increased funding from state and regional sources.** The Metropolitan  
527 Council’s Livable Communities Act programs fund redevelopment activities that support  
528 cleanup and tax base revitalization. **Metro Cities supports allowing a maximum levy amount**  
529 **for this program, as provided under law. Metro Cities supports increased and sustained**  
530 **general fund and state bond funds for DEED-administered programs like the**  
531 **Redevelopment Grant Program, dedicated to metropolitan area projects, innovative**  
532 **Business Development Public Infrastructure grants, as well as increased, flexible and**  
533 **sustained funding for the Contamination Cleanup and Investigation Grant Program.**

534  
535 The expansion of transit service throughout the region brings opportunity for redevelopment and  
536 transit-oriented development (TOD). **Metro Cities supports financing, regulatory tools and**  
537 **increased flexibility in the use of TIF to nurture TOD. Metro Cities supports funding**  
538 **Transit Improvement Areas (TIAs) and ensuring that the eligibility criteria encourage a**  
539 **range of improvements and infrastructure and accommodate varying city circumstances**  
540 **and needs.**

541  
542 Correcting and stabilizing polluted soils and former landfill sites allows cities to redevelop and  
543 reuse properties. **Metro Cities supports expansion of existing tools or development of new**  
544 **funding mechanisms to correct unstable soils as well as city authority to redevelop land**  
545 **previously used as landfills and dumps.** If a city receives initial approval from a state  
546 regulatory authority, a city’s redevelopment project approval should be considered final.

547  
548 Local governments and cities may choose to revitalize historic structures rather than construct  
549 new buildings. **Metro Cities supports extension of the sunset of the state income tax credit**  
550 **and maintaining the federal tax credit for preservation of historic properties. Metro Cities**  
551 **supports collection of the state refund for the historic expenditures over one year.**  
552 *(suggested change from Victoria)*

553  
554 **Metro Cities supports state funding to allow cities and/or their development authorities to**  
555 **assemble small properties so that business expansion sites will be ready for future**  
556 **redevelopment.**

557 **3-K (3) Workforce Readiness**

558 A trained workforce is important to a strong local, regional and state economy. Cities have an

559 interest in the availability of qualified workers and building a future workforce based on current  
560 and future demographics, as part of their economic development efforts. Cities can work with the  
561 public and private sectors to address workforce readiness to include removing barriers to  
562 education access, ~~issues such as~~ addressing racial disparities in achievement and employment  
563 gaps, and the occupational gender gap. *(recommended change from Brooklyn Park)* The state has  
564 a role to prepare and train a qualified workforce through the secondary, vocational and higher  
565 education systems and job training and retraining programs in the Department of Employment  
566 and Economic Development, including youth employment programs.

567

568 **Metro Cities supports:**

569

570 • **Increased funding for the Job Skills Partnership, youth employment programs and**  
571 **other workforce training programs administered by the state that lead to jobs that provide**  
572 **a living wage and benefits, and help address racial disparity gaps in employment;**

573

574 • **Innovative workforce programs and partnerships that foster workforce readiness**  
575 **for a full range of jobs and careers, including skilled municipal jobs and current high**  
576 **opportunity areas such as manufacturing and construction;**

577

578 • **Investments in programs that address the gender wage gap, including training for**  
579 **women to enter nontraditional careers;**

580

581 • **A payroll tax credit for job training programs that invest in employees; and**

582

583 • **A city’s authority to tie workforce requirements to local public finance assistance.**

584 **3-L Tax Increment Financing**

585 Tax Increment Financing (TIF) continues to be the primary tool available for local communities  
586 to assist economic development, redevelopment and housing. Over time, statutory changes have  
587 made this critical tool increasingly difficult to use. At the same time, federal and state  
588 development and redevelopment resources have been steadily shrinking. The cumulative impact  
589 of TIF restrictions, shrinking federal and state redevelopment resources and highly restrictive  
590 eminent domain laws constrain cities’ abilities to address problem properties, which leads to an  
591 accelerated level of decline of developed cities in the metropolitan area. Thus, the only source of  
592 revenue available to accomplish the scope of redevelopment necessary is the value created by the  
593 redevelopment itself, or the “increment.” Without the use of the increment, development will  
594 either not occur or is unlikely to be optimal.

595

596 **Metro Cities urges the Legislature to:**

597

598 • **Not adopt any statutory language that would further constrain or directly or**  
599 **indirectly reduce the effectiveness of TIF;**

600

601 • **Not adopt any statutory language that would allow a county, school district or**

- 602 special taxing district to opt out of a TIF district;
- 603
- 604 • **Incorporate the Soils Correction District criteria into the Redevelopment District**
- 605 **criteria so that a Redevelopment District can be comprised of blighted and contaminated**
- 606 **parcels in addition to railroad property;**
- 607
- 608 • **Expand the flexibility of TIF to support a broader range of redevelopment projects;**
- 609
- 610 • **Amend MN Statutes to clarify that tax increment pooling limitations are calculated**
- 611 **on a cumulative basis;**
- 612
- 613 • **Increase the ability to pool increments from other districts to support projects;**
- 614
- 615 • **Continue to monitor the impacts of tax reform on TIF districts and if warranted**
- 616 **provide cities with additional authority to pay for possible TIF shortfalls;**
- 617
- 618 • **Allow for the creation of transit zones and transit related TIF districts in order to**
- 619 **shape development and related improvements around transit stations but not require the**
- 620 **use of TIF districts to fund the construction or maintenance of the public transit line itself**
- 621 **unless a local community chooses to do so;**
- 622
- 623 • **Allow TIF eligibility expansion to innovative technological products, recognizing**
- 624 **that not only physical items create economic value;**
- 625
- 626 • **Support changes to TIF law that will facilitate the development of “regional**
- 627 **projects”;**
- 628
- 629 • **Shift TIF redevelopment policy away from a focus on “blight” and “substandard”**
- 630 **to “functionally obsolete” or a focus on long range planning for a particular community,**
- 631 **reduction in greenhouse gases or other criteria more relevant to current needs;**
- 632
- 633 • **Encourage DEED to do an extensive cost-benefit analysis related to redevelopment,**
- 634 **including an analysis of the various funding mechanisms, and an analysis of where the cost**
- 635 **burden falls with each of the options compared to the distribution of the benefits of the**
- 636 **redevelopment project;**
- 637
- 638 • **Support TIF for neighborhood recovery efforts in the wake of the foreclosure crisis;**
- 639
- 640 • **Consider creating an inter-disciplinary TIF team to review local exception TIF**
- 641 **proposals, using established criteria, and make recommendations to the legislature on their**
- 642 **passage;**
- 643
- 644 • **Encourage the State Auditor to continue to work toward a more efficient and**
- 645 **streamlined reporting process. There are an increasing number of noncompliance notices**
- 646 **that have overturned longstanding practices or limited statutorily defined terms. The**

647 **Legislature has not granted TIF rulemaking authority to the State Auditor and the audit**  
648 **powers granted by statute are not an appropriate vehicle for making administrative or**  
649 **legislative changes to TIF statutes. If the State Auditor is to exercise rulemaking authority,**  
650 **the administrative power to do so must be granted explicitly by the Legislature. The audit**  
651 **enforcement process does not create a level playing field for cities to challenge the**  
652 **Auditor’s interpretation of statutes. The Legislature should provide a process through**  
653 **which to resolve disputes over TIF policy that is fair to all parties;**

- 654
- 655 • **Clarify the use of TIF when a sale occurs after the closing of a district;**
- 656
- 657 • **Revise the substandard building test to simplify, resolve ambiguities and reduce**  
658 **continued threat of litigation; and**
- 659
- 660 • **Amend TIF statutes to address, through extending districts or other mechanisms,**  
661 **shortfalls related to declining market values during economic crises. (recommended change**  
662 *from Burnsville)*

### 663 **3-M Eminent Domain**

664 Significant statutory restrictions on the use of eminent domain have resulted in higher public  
665 costs for traditional public use projects like streets, parks, and sewers, and have all but restricted  
666 the use of eminent domain for redevelopment to cases of extreme blight or contamination.

667

668 The proper operation and long term economic vitality of our cities is dependent on the ability of  
669 a city, its citizens and its businesses to continually reinvest and reinvent. Reinvestment and  
670 reinvention strategies can occasionally conflict with the priorities of individual residents or  
671 business owners. Eminent domain is a critical tool in the reinvestment and reinvention process  
672 and without it our cities may deteriorate to unprecedented levels before the public reacts.

673

674 Metro Cities strongly encourages the Governor and Legislature to revisit eminent domain laws to  
675 allow local governments to address redevelopment problems before those conditions become  
676 financially impossible to address. **Specifically, Metro Cities supports:**

- 677
- 678 • **Clarifying contamination standards;**
- 679
- 680 • **Developing different standards for redevelopment to include obsolete structures or**  
681 **to reflect the deterioration conditions that currently exist in the metro area;**
- 682
- 683 • **Allowing for the assembly of multiple parcels for redevelopment projects;**
- 684
- 685 • **Modifying the public purpose definition under Chapter 117 to allow cities to more**  
686 **expediently address properties that are vacant or abandoned in areas with high levels of**  
687 **foreclosures, to address neighborhood stabilization and recovery;**
- 688
- 689 • **Providing for the ability to acquire land from “holdouts” who will now view a**

690 **publicly funded project as an opportunity for personal gain at taxpayer expense; i.e. allow**  
691 **for negotiation using balanced appraisals for fair relocation costs;**

- 692
- 693 • **Examining attorney fees and limit fees for attorneys representing a property owner;**
- 694
- 695 • **Allowing for relocation costs not to be paid if the city and property owner agree to a**  
696 **sale contract;**
- 697
- 698 • **A property owner’s appraisal to be shared with the city prior to a sale agreement;**  
699 **and**
- 700
- 701 • **Appropriately balanced awards of attorney fees and costs of litigation with the**  
702 **outcome of the eminent domain proceeding.**

### 703 **3-N Community Reinvestment**

704 Communities across the metropolitan region have aging residential and commercial structures  
705 that need repair and reinvestment. Reinvestment prevents neighborhoods from falling into  
706 disrepair, revitalizes communities and protects a city’s tax base.

707

708 **Metro Cities supports state programs and incentives for reinvestment in older residential**  
709 **and commercial/industrial buildings, such as, but not limited to, tax credits and/or**  
710 **property tax deferrals.**

711

712 Historically, the state has funded programs to promote reinvestment in communities, including  
713 the “This Old House” program, that allowed owners of older homestead property to defer an  
714 increase in their tax capacity resulting from repairs or improvements to the home and “This Old  
715 Shop” for owners of older commercial/industrial property that make improvements that increase  
716 the property’s market value.

### 717 **3-O Business Incentives Policy**

718 Without a thorough study, the Legislature should not make any substantive changes to the  
719 Business Subsidy Act, as defined in M.S. 116J.993, but should look to technical changes that  
720 would streamline both state and local processes and procedures. The Legislature should  
721 distinguish between development incentives and redevelopment activities. In addition, in order to  
722 ensure cohesive and comprehensive regulations, the legislature should limit regulation of  
723 business incentives to the Business Subsidy Act.

724

725 **Metro Cities supports additional legislation that includes tools to help enhance and**  
726 **facilitate economic development and job creation.**

### 727 **3-P Broadband Technology**



728 Where many traditional economic development tools have focused on managing the costs and  
729 availability of traditional infrastructure - roads, rail and utilities - the 21<sup>st</sup> century economy is  
730 dependent on reliable, cost effective, high bandwidth communications capabilities. This includes  
731 voice, video, data and other services delivered over cable, telephone, fiber-optic, wireless and  
732 other platforms.

733  
734 The state has increased its role in expanding broadband infrastructure across the state by funding  
735 broadband access for residents and businesses. The Governor's Broadband Task Force regularly  
736 recommends updates to state broadband speed goals and funding levels to expand statewide  
737 broadband access. The Office of Broadband Development in the Department of Employment and  
738 Economic Development supports the role of broadband in economic development. The Office  
739 coordinates broadband mapping and administers state broadband grant funds.

740  
741 Cities play a vital role in achieving significantly higher broadband speeds. Local units of  
742 government are contributing to increasing broadband capacity and ensuring internet connectivity,  
743 reliability, and availability. However, attempts have been made in Minnesota and other states to  
744 restrict or stop cities from facilitating the deployment of broadband services or forming  
745 partnerships with private sector companies to provide broadband services to unserved or  
746 underserved residents or businesses. Restricting municipal authority is contrary to existing state  
747 law on electric utility service, telecommunications, and economic development. **Metro Cities  
748 opposes the adoption of state policies that further restrict a city's ability to finance,  
749 construct or operate broadband telecommunications networks.**

750  
751 **Metro Cities supports:**

- 752
- 753 • **State policies and support programs that substantially increase speed and capacity  
754 of broadband services statewide, including facilitating solutions at the local level. The state  
755 should offer incentives to private sector service providers to respond to local or regional  
756 needs and to collaborate with cities and other public entities to deploy broadband  
757 infrastructure capable of delivering sufficient bandwidth and capacity to meet immediate  
758 and future local needs as well as policies which seek to position Minnesota as a state of  
759 choice for testing next-generation broadband;**
  - 760
  - 761 • **Metro eligibility for broadband funds, including increased capacity for areas with  
762 existing levels of service;**
  - 763
  - 764 • **Municipal authority and encouragement of local governments to play a direct role  
765 in providing broadband service. This includes repealing Minnesota Statute 237.19. The  
766 state should clarify that cities have the authority to partner with private entities to finance  
767 broadband infrastructure using city bonding authority;**
  - 768
  - 769 • **Local authority to manage public rights-of-way, to zone, to collect compensation for  
770 the use of public assets, or to work cooperatively with the private sector. Cities may  
771 exercise local authority over zoning and land-use decisions for wireless service facilities;  
772 and**
  - 773

- 774 • **Public-private collaborations that support broadband infrastructure and services at**  
775 **the local and regional level, including partnerships and cooperation in providing last-mile**  
776 **connections.**

777 **3-Q City Role in Environmental Protection and Sustainable Development**

778 Historically, cities have played a major role in environmental protection, particularly in water  
779 quality. Through the construction and operation of wastewater treatment and storm water  
780 management systems, cities are a leader in protecting the surface water of the state. In recent  
781 years, increased emphasis has been placed on protecting ground water and removing  
782 impairments from storm water. In addition, there is increased emphasis on city participation in  
783 controlling our carbon footprint and in promoting green development.

784  
785 **Metro Cities supports public and private environmental protection efforts to reduce**  
786 **greenhouse gas emissions and to further protect surface and ground water. Metro Cities**  
787 **also supports “green” design and construction techniques to the extent that those**  
788 **techniques have been thoroughly tested and are truly environmentally beneficial,**  
789 **economically sustainable and represent sound building practices. Metro Cities supports**  
790 **additional, feasible environmental protection with adequate funding and incentives to**  
791 **comply. Metro Cities supports state funding for municipal renewable energy objectives.**  
792 *(Suggested language from Brooklyn Park)*

793  
794 Green jobs represent employment and entrepreneurial opportunities that are part of the green  
795 economy, as defined in M.S. 116J.437, including the four industry sectors of green products,  
796 renewable energy, green services and environmental conservation. Minnesota’s green jobs  
797 policies, strategies and investments need to lead to high quality jobs with good wages and  
798 benefits, meeting current wage and labor laws.

799 **3-R Impaired Waters**

800 **Metro Cities supports continued development of the metropolitan area in a manner that is**  
801 **responsive to the market but is cognizant of the need to protect the water resources of the**  
802 **state and metro area. Since all types of properties are required to pay storm water fees,**  
803 **Metro Cities opposes entity-specific exemptions from these fees. Metro Cities supports the**  
804 **goals of the Clean Water Act and efforts at both the federal and state level to implement it.**  
805

806 **Metro Cities supports continued funding of the framework established to improve the**  
807 **region’s ability to respond to market demands for development and redevelopment,**  
808 **including dedicated funding for surface water impairment assessments, Total Maximum**  
809 **Daily Load (TMDL) development, storm water construction grants and wastewater**  
810 **construction grants.**

811  
812 Local units of government should not bear undue cost burdens associated with completed TMDL  
813 reports. As recent TMDL reports show, non-point agricultural sources are producing more run  
814 off pollution than urban areas at a rate of 13:1. Cities must not be required as primary entities for

815 funding the clean-up and protection of state and regional water resources. Benefits of efforts  
816 must be proportional to the costs incurred and agricultural sources must be held responsible for  
817 their share of costs.



## **City Actions to Support Housing Affordability and Affordable Housing**

### **Financial**

TIF

Tax abatement

Establishing and Funding a Local or Regional Housing Trust Fund

Rehabilitation and/or Preservation Grant or Loan Program

Infrastructure Cost Buydown for affordable units

Fee waivers

Buying and/or assembling land for affordable housing

Fund investments in a Community Land Trust

### **Policy**

Density Bonus

4d – local program

Inclusionary requirement or Inclusionary zoning

Payment in lieu of building affordable units

Smaller lot sizes

Housing Choice Vouchers - Landlord Education

Increased density zoning

Examine local requirements, policies and review processes