

Senate Housing Hearing Focuses on City Development Costs

Permit fees and residential development costs were the topics of a hearing of the Senate Select Committee on Home Ownership Affordability and Availability this week, with the focus on the recent paper on building permit fees written by the metro area builders association.

This hearing was the second for the committee, and it included the opportunity for cities to respond to the [two builders' papers](#) released this year on overall development costs and permit fees. Metro Cities, the League of Minnesota Cities and officials from the cities of Lakeville, Corcoran and Cambridge testified on city roles in housing, how building permit fees are based on valuation and how that valuation is determined using estimates from builders and developers. City officials also provided detailed numbers on recent housing developments, fees with respect to sale prices, and city actions to support residential development, affordability and affordable housing. Metro Cities also shared information on the city staff involved in the work of development applications – planning and zoning staff, engineering and inspection officials, fire department and city administrative staff.

Metro Cities and the League also testified with numerous criticisms of the builders' fee paper and provided data illustrating that city-collected development fees don't always cover all city-related expenses. While the builders have focused on the residential side, the data cities are required to provide to the state Department of Labor and Industry and that is cited in the builders' paper represents the totality of commercial, industrial and residential building permits, not just residential permits. Furthermore, cities argue that a 10-year lookback of the development market provides a more accurate representation of city finances because it recognizes the shifting economics and market forces of development. League staff shared public data from a 10-year lookback that showed a subsidizing of development by cities of \$244 million (total development fees and permit fees, less development and inspection expenses, for reporting cities). This 2009-2018 timeframe incorporates data from the recession as well as higher growth years.

Metro Cities explained cities make many decisions yearly when planning for residential growth. This includes setting a fee schedule (which may or may not account for inflation) and determining if the public costs related to growth from development should be recovered by the development.

Lakeville and Cambridge staff each shared city-specific documents (see [Lakeville](#) and [Cambridge](#)) detailing residential fees and costs associated with residential development. Their line item data showed how four to six percent of the total sale price of a home is due to city fees. A copy of the Metro Cities and LMC slideshow used at the hearing can be [found here](#).

While the committee hearing was held in the afternoon on Tuesday, September 10, committee members and Senate staff also took a morning tour of a new suburban residential development and discussed land trusts in Minneapolis. City officials were not asked to participate in the tour.

Information on the first (August) meeting of the Select Committee can be [found here](#). Contact Charlie Vander Aarde at 651-366-7564 or charlie@metrocitiesmn.org with any questions.

Census Grants Available for Complete Count Committees

The State of Minnesota, in partnership with the Minnesota Census Mobilization Partnership, Minnesota Council on Foundations, and The Minneapolis Foundation is administering state-funded grants to support Minnesota's Complete Count Committees, working to achieve a complete and accurate count of Minnesota residents during the 2020 Census. Local, tribal and state governments, and/or community organizations may form a Complete Count Committee (CCC) to increase awareness about the census and encourage their community members to complete the Census form.

The grant process is not competitive and is available on a first come, first serve basis for up to 400 Complete Count Committees. The State of Minnesota funds grants of \$750 and are available to all Committees that meet the following eligibility requirements:

- Are a non-profit entity [501(c) (3), government entity, school district, college or university] or operate under a fiscal agent.
- Agree to participate in one census outreach training provided by the MN State Demographic Center.
- Agree to participate in the Commit to Be Counted (C2BC) digital organizing campaign managed by the MN State Demographic Center.
- Agree to use the grant for at least one of the following purposes: 1) Digital organizing; 2) Outreach to residents in high-density housing; or 3) Efforts to target historically undercounted communities.

Applicants will receive funds within three weeks of submitting their applications and additional funding will be available after April 15, 2020 for those committees that have effectively used the tools provided and that serve historically undercounted communities. Those funds will help communities support a complete count during the Census Bureau's Non-Response Follow-up Period, in which Census workers work to count residents who had not yet complete their Census form. The application for those funds can be found [here](#).

If your community has not yet registered as a Complete Count Committee already, please see the instructions [here](#).

For technical questions about the application process, contact Nancy Cerkvenik at grantsadministration@mplsfoundation.org or 612-672-8665. For questions about your project proposal, contact Catherine Grey at cgrey@mplsfoundation.com or 612-672-3876.

State Revenues Update

The August revenue update from the Minnesota Office of Management and Budget shows that net general fund revenues are 5.5% higher than what was anticipated in the February 2019 Budget Forecast. Individual income and sales tax revenues exceeded the forecast, and net corporate and other tax revenues were lower than anticipated.

Click [HERE](#) for the update. MMB officials note that monthly revenue updates and variances may fluctuate and should be approached cautiously. The next complete budget forecast will be released in early December.

Metropolitan Council Wastewater Charge and Other Rates

The Metropolitan Council has adopted wastewater, Sewer Availability Charge (SAC) and other rates for 2020. The wastewater rate represents a 3.6% increase over 2019. Please note that wastewater charges by city vary depending on the level of flow to the regional wastewater system.

The SAC rate is proposed to remain at \$2,485.00. Click [HERE](#) for information on wastewater charges by city.

Local Government Innovation Awards (LGIA)

The University of Minnesota Humphrey School of Public Affairs, in partnership with The Bush Foundation, announces its annual Local Government Innovation Awards (LGIA) to recognize innovation, impact, sustainability, and potential for growth for cities, counties, townships, schools and Native nations in Minnesota. Metro Cities encourages cities to enter your own project or encourage someone else to enter theirs. Official partners in the awards include the League of Minnesota Cities, the Minnesota Association of Townships, the Association of Minnesota Counties, and the Minnesota School Board Association.

Click [here](#) for more information such as entry forms, guidelines and criteria, past winners, and other resources.

EVENT: Local Housing Trust Funds Webinar: Guide to Implementation

A second webinar has been scheduled for cities with local housing trust funds, or cities considering creating a fund. The webinar supplements the [Local Housing Trust Fund Manual for Minnesota](#), a manual created by Minnesota Housing Partnership. The [first webinar can be found here](#).

Metro Cities supports authority for cities and regions to create housing trust funds. Metro Cities advocated for a state match for local housing trust funds in the 2019 legislative session. Funding was included in the House budget, but not included in the final budget signed by Governor Walz.

A webinar on implementing local housing trust funds has been scheduled by MHP:

Friday, September 20

11:00 am – 12:00 pm

Featuring:

Carrie Goldberg, Multifamily Finance Specialist, City of Minneapolis

Randal Hemmerlin, Executive Director, Red Wing Housing & Redevelopment Authority

Eric Johnson, Director of Community Development, City of Bloomington

During this session, city officials can learn steps for implementation of local housing trust funds, from concept to execution. Practice pointers and local perspectives will be shared by community experts. [Registration is free](#).

Minnesota Housing Offers Help for First-Time Homebuyers via City Participation Program

The Minnesota City Participation Program (MCP) through [Minnesota Housing](#) assists cities to provide first-time homebuyer loans with minimal administrative burden and no administrative fees. Eligible first-time buyers gain access to MHFA's affordable Start Up loan program and down payment and closing cost loans up to \$15,000. MHFA will help cities market this opportunity to homebuyers and connect to their approved lenders.

MHFA takes new applications January 2-15 each year. Participants can apply as city, county, or a multi-county. First-time homebuyers access the program through local, [approved lenders](#).

Minnesota Housing provides monthly updates on how many buyers in communities are being served by the program.

To learn more:

- First, check MHFA's [participant list](#) to see if your community participated in 2019.
- Join MHFA for a Webinar on Tuesday, October 22 from 9:30-10:30 a.m. to learn about the Minnesota City Participation Program for 2020. [Register here.](#)
- Contact Nicola Viana with questions at 651-297-9510 or nicola.viana@state.mn.us.

House Will Hold Mini-Session

The State House of Representatives will hold a three-day 'mini session' from Wednesday October 2nd through Friday October 4th in southeastern Minnesota. Several House Committees will meet in the cities of Rochester, Austin and Winona, including the Education, Capital Investment, HHS, and Elections Committees. The mini-session will also include visits and tours to area high schools, businesses, and community colleges. Metro Cities will post any additional updates and information.

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.

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