

Federal Relief Package Signed into Law

This last week, Congress passed, and on Thursday President Biden signed, a \$1.9 trillion COVID-19 relief package titled *The American Rescue Plan*. The federal legislation provides direct payments to individuals, extends unemployment benefits, provides funding for small business emergency loans, grants to restaurants and bars, assistance in paying energy and water bills, increased internet access for distance learning, and funding for state and local governments. The bill distributes \$350 billion to state, local and tribal governments, with \$130 billion for counties and cities. \$65 billion will be distributed using a modified federal Community Development Block Grant (CDBG) formula, with \$45.9 billion for cities over 50,000 population (entitlement cities) and \$19.5 billion to cities under 50,000 (non-entitlement cities). Funding for entitlement cities will be released directly from the US Treasury Department. Funding for non-entitlement jurisdictions will be released to the state for distribution to the local units of government.

Minnesota's share of the state and local funding distribution is estimated to be \$4.72 billion. (The American Rescue Plan will provide the state with additional funds for specific programs). \$2.1 billion of the \$4.72 billion will be distributed to local governments in the state. Funds to local governments will be released in two payments, half within 60 days of the bill's enactment and the remainder distributed one year after the receipt of the first payment. State and local governments have until December 31, 2024 to expend funds.

Released funding amounts are [estimates](#) at this point and not all Minnesota cities are included, including 34 cities in the metropolitan area. It is possible that these cities are not listed because they receive CDBG funding through Hennepin County. There are also other unexplained anomalies in the estimates that require clarification. The attached spreadsheet lists metro cities estimated to receive aid and cities that were not included in the estimates. It also lists metro cities that are entitlement cities. Metro Cities will provide further information once it is available. Use of the funds must be for costs related to pandemic responses and costs, rent and utility costs for those unable to pay, and distributions to colleges, universities and non-profits to support safe re-openings, and aid for businesses. Local governments may use funds for revenue replacement for losses due to the pandemic. Funds may not be used for pension obligations.

Metro Cities is reviewing the legislation and supporting documents and will provide further updates. Attached is a National Conference of State Legislatures (NCSL) [summary](#) of the bill for your information.

Governor Walz Eases COVID Restrictions

Governor Walz announced major changes to the state's COVID-19 mitigation measures on Friday that are the result in part on the state's progress in rolling out vaccines. Executive Order 20-11 will take effect on March 15, 2021. The changes in guidance for larger venues (see below) will take effect on March 31, 2021.

Minnesotans will be allowed to gather in larger groups for social gatherings with up to 50 individuals together outdoors and up to 15 individuals indoors. Limits on the number of households allowed to gather have been eliminated. The youth sport cap has been increased to 50 for outdoor activities.

Religious services have had their occupancy limit removed entirely.

Occupancy restrictions on small businesses have been loosened as well. The occupancy limit for bars and restaurants has been increased to 75%. Gyms and fitness centers have had their limit increased to 50%. Entertainment venues have had their limit increased to 50%. The occupancy limit on salons and barbers has been completely removed.

Finally, Governor Walz has issued adjusted guidelines for large venues as the state looks toward the Summer. Seated outdoor venues can add an additional 25% of their capacity over 500, with a limit of 10,000 people. Non-seated outdoor venues can add an additional 15% of their capacity over 500, with a limit of 10,000 people. Seated indoor venues can add an additional 15% of their capacity over 500, with a limit of 3,000 people. Non-seated indoor venues can add an additional 10% of their capacity over 500, with a limit of 1,500 people.

Click [here](#) for details on the new guidance.

Local Zoning Preemption Bill Passes Senate Committee

A bill that would limit city zoning authority was debated by and passed the Senate Housing Committee this week. [SF 915](#) – Draheim as amended, encourages cities to authorize smaller lot sizes for single-family homes and allowance of the construction of duplexes, triplexes and fourplexes on single-family-style lots as well as allow for mixed-use development. It would restrict the use of planned unit developments (PUDs), prohibit aesthetic considerations, and prohibit PUD agreements that exceed the state building code.

City officials from Prior Lake and Elko New Market testified in opposition to the bill, explaining how PUDs are usually requested by a developer to access flexibility and benefits outside a city's zoning ordinance. Metro Cities provided testimony in opposition to the bill, explaining how local decision-making authority rather than a one-size-fits-all mandate provides cities necessary flexibility to address local needs and considerations. The bill was referred to the Senate Local Government Committee. Contact Charlie Vander Aarde at charlie@metrocitiesmn.org or 651-215-4001 with any questions.

Sacred Settlement Bill Paused

This week's scheduled hearing on a House bill that would allow micro units to be placed on the grounds of religious institutions was canceled. Metro Cities and other city associations have expressed concerns over how this new type of residential housing would be built and managed and provided a letter to the bill's authors as well as the House Committee in which it was scheduled to be heard.

Thank you to those who provided feedback on the legislation. Metro Cities has relayed concerns to the House author of [HF 1484](#) and Senate author of [SF 1145](#). A [delete everything amendment](#) was scheduled to be discussed in a House committee this week before the bill was removed from the agenda. The amendment would have addressed several city concerns but many questions over state building code, land use, livability, and public safety access remain. Contact Charlie Vander Aarde at charlie@metrocitiesmn.org or 651-215-4001 with any questions or comments on the legislation.

Public Safety Reimbursement Bill Passes Senate

[SF 1354 – Weber](#), as amended, was passed by the Senate with a vote of 35 to 32 on Monday. The bill excludes damages caused by civil unrest as an eligible "disaster" for state disaster relief assistance.

The bill establishes a Law Enforcement Operations account, which functions similarly to the [SAFE account](#) proposed in the House. The Law Enforcement Operations account would have \$20 million appropriated to the Department of Public Safety to reimburse eligible costs incurred by law enforcement agencies when responding to a public safety event either as the provider of mutual aid or as the receiving entity. The account would sunset after 2023.

The bill defines a public safety event and lists costs eligible for reimbursement including overtime, logistical needs, incidental supplies, backfill personnel costs, damaged equipment, emergency management, response planning, threat mitigation costs, and indemnification costs. The reimbursement rates for the Law Enforcement Operations account are the same as what is proposed in the SAFE account legislation. Jurisdictions receiving assistance from other agencies could have 75 percent of eligible costs reimbursed and jurisdictions providing assistance would have 100 percent of costs reimbursed.

SF 1354 creates a panel to make decisions regarding reimbursements. The panel would include a total of five members, two selected by the Minnesota Sheriffs Association and two chosen by the Minnesota Chiefs of Police Association. The fifth member is the Commissioner of Public Safety. The bill requires that only one member of the panel be from a jurisdiction of 50,000 or more in population. It also requires a member to recuse themselves if the jurisdiction they represent is the entity requesting reimbursement. The bill adds two alternate members in the event that a sheriff or police chief on the panel has to recuse themselves.

Negotiations between the Senate and the House are ongoing. Contact Mike Lund at michael@metrocitiesmn.org or 651-215-4003 with any questions.

Bill Encourages Local Governments to Seek FEMA Reimbursements

[S.F. 1089](#) – Marty, that would encourage but not require local governments to seek FEMA reimbursement for pandemic related expenses initially paid for by Coronavirus Relief Funds (CRF) was heard in the Senate Finance Committee on Thursday, March 11. An adopted [amendment](#) removes the mandate in the introduced bill that would require local governments to seek FEMA reimbursement for these expenses. The amended bill allows local governments to retain fifty percent of any reimbursement with the remaining fifty percent to go to the state. The bill intends to encourage cities and counties to seek reimbursement for FEMA-eligible expenses previously covered with Coronavirus Relief Funds (CRF). Although a city could apply for FEMA reimbursement for expenses without the bill, if a city initially used CRF funds for the expenses, they would be in violation of CRF restrictions by using two sources to cover the same expense and would have needed to return CRF funds equal to the FEMA reimbursement to the state. With this amended bill, a city could voluntarily seek reimbursement and could use one-half of those funds for other eligible CRF uses, with the remaining fifty percent returned to the state. Local governments would need to file a report with the Office of MN Management and Budget.

Metro Cities and other city organizations submitted a letter to the Finance Committee that emphasized applying for FEMA reimbursement is significantly complicated and unpredictable and requires in an ordinate amount of staff resources and that thus a voluntary approach is preferred. The letter also noted concerns that may result with respect to audit and other requirements. The bill was laid over. Questions? Contact Patricia Nauman at 651-215-4002 or patricia@metrocitiesmn.org

Bill Allows for a Regional Inflow-Infiltration Program

A bill that would allow the Metropolitan Council to establish a program with a regional funding source to address private property inflow-infiltration (I/I) mitigation in the metropolitan area is

advancing in the House and Senate. [HF 1359-Freiberg](#) and [SF 1782-Osmek](#) passed legislative committees this week. If enacted, the Metropolitan Council will plan to establish a program using a small portion of the municipal wastewater charge to fund private property mitigation which is estimated to comprise 50% of needed I/I repairs. Local mitigation is intended to alleviate the need for adding regional wastewater system capacity to address I/I. Metro Cities provided testimony at legislative committees this week to emphasize the need for local official input and participation on any regional level I/I program. Questions? Contact Patricia Nauman at 651-215-4002 or patricia@metrocitiesmn.org

4d Study, Expansion Bills Heard in House Property Taxes

The House Property Tax Division debated an expansion to the Low-Income Rental Classification, also known as 4d, this week. [HF 1157](#) – Howard would eliminate the first tier of valuation, currently indexed at \$174,000 and assessed at 0.75 percent, and set all enrolled affordable units at 0.25 percent, the lowest tax rate in the state.

Metro Cities supports the [current 4d property tax program](#). However, prior to expanding the program, Metro Cities supports an evaluation of the effects an expansion would have for local property tax bases. [HF 1298](#) – Her provides for a study and reporting language that is supported by Metro Cities. Existing data does not provide the city-by-city analysis that looks at each jurisdiction's property tax structure.

City officials are concerned that an expansion could have consequential effects for local property tax structures and believe that these should be evaluated before expanding the program. The City of New Hope testified in favor of the study, explaining how the property tax shift could mean low-income and fixed-income residents could end up paying for the expansion. Both bills are under consideration by the Division and may be included in a future omnibus property tax bill. Contact Charlie Vander Aarde at charlie@metrocitiesmn.org or 651-215-4001 with any questions.

Website Accessibility Funding for Cities

[SF 416 – Koran](#), as amended, appropriates \$100,000 in fiscal year 2022 and \$100,000 in fiscal year 2023 to a chief information officer to provide resources to local governments to improve the accessibility of websites. The introduced version of the bill would have appropriated the money as grants to local governments. The delete everything amendment adopted in the Committee on Technology and Reform Policy Thursday instead directs the money to be used to create templates, technological solutions, and advisory services to assist governments. The House companion, [HF 35 – Elkins](#), still includes the grant program. SF 416 passed out of committee and was referred to the State Government Committee.

Proposal Allows Administrative Citations by Metro Transit

Legislation allowing the Metropolitan Council to issue administrative citations for nonpayment of transit fares continues to move through both bodies. [HF 1306 – Elkins](#) passed the Public Safety committee on a party-line vote and was sent to the House Floor.

The Senate companion, [SF 1513 – Dibble](#), was heard in the Transportation Committee Thursday. The bill was heard informationally last week and this week an amended version of the bill was considered. The bill allows administrative citations for fare evasion and provides for uniformed transit safety officials, community service officers, and peace officers. Peace officers would be given discretion as to whether they issue administrative or criminal citations. In addition to enforcing fare payment, uniformed transit safety officials will be responsible for monitoring activity, providing information, and providing service referrals. Transit advocates raised concerns that the bill creates two systems of justice for riders and would exacerbate disparities.

The bill also requires the Metropolitan Council to adopt a rider code of conduct and establishes paid fare zones at light rail stations, as well as requires real-time monitoring of stations. Click [HERE](#) to view a summary. SF 1513 passed the committee and was referred to the Judiciary and Public Safety Committee. Contact Mike Lund at michael@metrocitiesmn.org or 651-215-4003 with any questions.

Bill Prohibits Ranked Choice Voting

The Senate Committee on State Government and Elections debated [SF 708 – Koran](#) Wednesday. The bill prohibits cities from implementing ranked-choice voting. Proponents argue that ranked choice voting effectively allows people to vote more than once as their preferences are reallocated and argued for uniformity in election administration. Opponents cited a Minnesota Supreme Court decision upholding the use of ranked-choice voting. Testifiers also pointed to its potential to incentivize candidates to reach out to a broader group of voters.

SF 708 would infringe on local control by overruling choices made by voters in cities that have adopted ranked-choice voting. SF 708 was laid over for possible inclusion in a future elections omnibus bill. Contact Mike Lund at michael@metrocitiesmn.org or 651-215-4003 with any questions.

Street Improvement Districts Passes First House Committee

The Local Government Division heard [HF 1565 – Elkins](#) Wednesday. The bill authorizes cities to create street improvement districts in order to finance street construction projects and fund maintenance efforts. The bill requires cities to hold a public hearing prior to establishing a district. Fees can be collected for no less than five years and no more than 20 years. Finally, the bill includes an appeal process for property owners objecting to the fee. Click [HERE](#) to view the bill text.

The bill prohibits a street improvement fee on any property owned by an institution of public charity. Several amendments were considered to exempt other types of property (hospitals, veterans service organizations, affordable housing, and places of worship). None were adopted. Those testifying in favor of the bill spoke about constraints local governments face in paying for street construction projects and highlighted the bill as providing a transparent and equitable tool for transportation financing. Metro Cities provided a letter of support for the bill. The bill passed the committee on a party-line vote and was referred to the State Government Committee. The Senate companion, [SF 1998- Johnson Stewart](#) was introduced Thursday.

Contact Mike Lund at michael@metrocitiesmn.org or 651-215-4003 with any questions.

House Committees Consider Affordable Housing Funding Bills

Housing Infrastructure Bonds, Shelter Bonds, GO Bonds

A House proposal for \$400 million in housing infrastructure bonds and \$100 million in general obligation bonds for affordable housing development and preservation was heard in two committees this week. [HF 1634](#) – Hausman passed the Housing Committee earlier in the week and was laid over by the Capital Investment Committee Thursday.

[HF 1389](#) – Hassan would provide \$10 million of shelter facility appropriation bonds. The bond proceeds would be appropriated to the Department of Human Services for a grant to nonprofit Simpson Housing Services, to construct and renovate shelter facilities in the city of Minneapolis.

Local Housing Trust Fund State Match

A bill that would provide a state match for local contributions to a local housing trust fund was heard and laid over by the House Housing committee. [HF 528](#) – Howard would appropriate \$10 million for grants to local housing trust funds. Grant amounts would be a 100 percent match of public revenue commitments of up to \$150,000, from any source that is not the state or federal government, plus a 50 percent match of commitments between \$150,000 and \$300,000.

Challenge Program

A funding increase for the Challenge Program administered by Minnesota Housing was also heard in the House Housing committee this week. [HF 979](#) – Olson would provide \$22.4 million in both FY22 and FY23, a 150 percent increase over the base budget. The program directly supports a full range of housing opportunities for communities in the metropolitan region. This includes single family owner-occupied homes, small rentals and larger multifamily apartment buildings.

Metro Cities strongly supports state appropriations for the Challenge Program and local housing trust fund match and submitted written testimony in support of the bills. Contact Charlie Vander Aarde at charlie@metrocitiesmn.org or 651-215-4001 with any questions.

House Introduces Proposal for Eviction Moratorium Off-ramp

The House Housing committee debated a proposal that would provide a framework for residents and landlords once the governor's eviction moratorium ends. [HF 12](#) as amended by the DE1 amendment provides timelines for eviction actions and nonrenewal of leases. The Senate debated [another proposal](#) earlier this month. The bill would prohibit raising rent more than six percent, and only allows one rent increase in a 12-month period; requires a written notice seven days before an eviction, and requires that notice to be attached to the eviction filing; and prohibit evictions for residential tenants during the COVID-19 peacetime emergency except in cases where there has been destruction of the rental property, criminal activity, or for a substantial breach of the lease that defeats the purpose of the lease and is not the failure to pay rent.

Renters

The House legislation would require for the period of 12 months after the peacetime emergency related to the COVID-19 pandemic, a landlord must provide a written notice 60 days before filing an eviction on a residential tenancy and must not assess late fees during that time.

Homeowners

The bill also lays out that during the peacetime emergency related to COVID-19 and for 60 days after, the procedure for beginning a foreclosure on a residential property cannot start except to protect the bonds issued by Minnesota Housing. It also prevents a termination for a contract for deed by the seller of the home during the peacetime emergency or 60 days after.

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

Senate Hears Angel Investor Tax Credit Bill

A bill to add funding for the angel investor tax credit was heard by the Senate Taxes Committee this week. [SF 1314](#) – Nelson would allocate up to \$20 million in tax credits to qualified investors or qualified funds. The tax credit supports private investments in high-tech, small-scale businesses. The provision was laid over for possible inclusion in the omnibus tax bill.

Bill Prohibits Bike Lanes in Rights of Way

[SF 1215 – Howe](#) would prohibit cities from establishing bikeways in the public right of way if it results in the elimination or relocation of a disability parking space. The bill, as introduced, does not allow a local government to work with the owner of a disability parking space to resolve the situation. SF 1215 was passed by the Transportation Committee and sent to the floor. There is currently no companion bill in the House. Contact Mike Lund at michael@metrocitiesmn.org or 651-215-4003 with any questions.

State Auditor Discusses State of Main Street

On Wednesday March 10, State Auditor Julie Blaha presented a State of Main Street address and emphasized the need for balance and steadiness. She recognized the need for local governments to make quick, large-scale decisions due to the pandemic, and said Minnesota is faring well compared to others states because local governments have been able to manage and balance difficult decisions.

Auditor Blaha advised cities to approach 2021 with caution and warned that this is not the time to make large changes, instead local governments should keep things stable moving forward, especially with more federal aid on its way. The balancing act continues, especially for larger and metro area cities, who are experiencing large impacts from the pandemic. Click [HERE](#) to view the presentation.

Livable Communities Program Changes for 2021

Metropolitan Council Staff hosted a webinar on Thursday to present information on changes to the Livable Communities Demonstration Account (LCDA) and The Transit-Oriented Development (TOD) programs. These changes come after surveys, focus groups and other evaluation processes were gathered from a variety of stakeholders. Some of the feedback received was that some cities are not applying for grants because they do not believe they are competitive, criteria is not well defined, and scoring criteria is not able to be measured consistently.

Changes are intended to clarify scoring criteria and in equity scoring, to shift focus away from the effort of a project and more on its outcome and benefits to the community. LCDA and TOD have an updated website that includes extensive lists of both eligible and non-eligible projects. New training programs including webinars, hands-on workshops, and a new and improved resource Library on the LCA website are designed to help cities be as competitive as possible with applications. Metro Cities will be monitoring the effects of the changes on program requirements, processes and participation.

Bills of Note

[H. F. 1965](#), Quam / [S.F. 179](#), Kiffmeyer: Bill requires voters who register on election day to cast provisional ballots.

[H. F. 1966](#), Quam / [S.F. 585](#), Dornink: Bill appropriates money for redevelopment grants and demolition loans.

[H. F. 1971](#), Howard / [S.F. 1866](#), Nelson: Bill establishes a Minnesota housing tax credit contribution fund.

[H. F. 1991](#), Olson / [S.F. 1906](#), Dziedzic: Bill appropriates money for public housing rehabilitation and authorizes the sale and issuance of state bonds.

[H. F. 1993](#), Bahr: Bill terminates operations of the NorthStar Commuter Rail service and sells all remaining assets related to NorthStar Commuter Rail.

[H. F. 2015](#), Thompson: Bill appropriates money for the Rush Line Corridor Transitway and authorizes the sale and issuance of state bonds.

[H. F. 2040](#), Raleigh / [S.F. 243](#), Chamberlain: Bill requires metro cities to reserve a portion of local government aid for public safety purposes.

[H. F. 2104](#), Greenman / [S.F. 1960](#), Frenz: Bill prohibits intimidation, deceptive practices, and interference with voter registration and voting and provides penalties.

[H. F. 2107](#), Nash: Bill requires local approval of gubernatorial appointees to the Metropolitan Council and provides a method for local governments to remove a member of the Metropolitan Council.

[S.F. 1803](#), Duckworth / [H.F. 528](#), Howard: Bill appropriates money to the Minnesota Housing Finance Agency for grants to local housing trust funds.

[S.F. 1865](#), Nelson / [H.F. 500](#), Marquart: Bill modifies local government debt financing.

[S.F. 1889](#), Carlson / [H.F. 326](#), Masin: Bill authorizes municipalities to charge a street impact fee.

[S.F. 1908](#), Duckworth / [H.F. 1071](#), Hassan: Bill authorizes the sale and issuance of housing infrastructure bonds and appropriates money.

[S.F. 1998](#), Johnson Stewart / [H.F. 1565](#), Elkins: Bill authorizes a municipality to establish a street improvement district.

[HF 1982](#), Garofalo: Exempts employees who exclusively work from home from local ordinances regulating the workplace.

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