

September 20, 2023

TO: Housing and Economic Development Policy Committee Members
FROM: Heather Butkowski, City Administrator, City of Lauderdale
SUBJECT: Meeting Notice and Agenda

Wednesday, September 27, 2023

1:00 p.m. – 3:30 p.m.

Virtual Meeting

- ◆ Thank you for agreeing to be a policy committee member!

Attached are the materials for the third Housing and 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. (Heather Butkowski, Chair)
2. Approval of minutes for the August 30, 2023 meeting.
3. Presentation: Darielle Dannen, Government Relations Director, MN Department of Employment & Economic Development (DEED).
4. Review policy committee memo. (Ania McDonnell, Government Relations Specialist)
5. Discussion of policies and suggested modifications.
 - a. Policies with suggested changes from staff or committee members.
6. Discuss additional suggestions for policies, and issues for future consideration.
7. Other business.
8. Adjourn. (3:30 pm)

Housing & Economic Development Policy Committee Meeting Minutes for Meeting of August 30, 2023

Present in person: Heather Butkowski, Patricia Nauman, Ania McDonnell, Mike Lund, Tom Goodwin, Rachel Robinson, Tracy Shimek, Loren Olson, Daniel Lightfoot, Dan Kitzberger. Online: Tim Benetti, Jeff Thompson, Danette Parr Marvin Johnson, Janice Gundlach, Connie Buesgens, Joe Amerman, Stephanie Hawkinson, Samantha DiMaggio, Aaron Chirpich Julie Urban, Hannah Pallmeyer, Rebecca Schack, Andrew Gitzlaff, Chris Heineman, Tara Beard, Eric Searles, Lori Sommers, Julie Pointner, Kim Berggren, Jeffrey Dahl, Julie Wischnack, Josh Berg, Ben Gozola.

Chair Butkowski called the meeting to order at 1:02 pm.

Motion by Goodwin, seconded by Shimek to approve the minutes for the meeting of July 26, 2023. Motion adopted.

Dan Kitzberger and Rachel Robinson from the MN Housing Finance Agency presented updates on legislative activity and agency work in various areas. Discussion followed on source of income protection and state regulation. Mr. Kitzberger stated that often, people are referred to the Department of Human Rights and said that the MHFA is not an enforcement agency.

Ms. McDonnell reviewed the committee memo and the results of a survey on short-term rentals. Mr. Goodwin asked if there are cities that have asked Metro Cities to take a stance on the issue. Ms. McDonnell said cities have not made a request. Mr. Goodwin stated Apple Valley does not allow short term rentals. Ms. Pointner said Plymouth is concerned about short-term rentals that do not notify the city. Mr. Goodwin stated the city sometimes finds out of a rental due to complaints and that is a significant issue for residents. Mr. Benetti said investigations begin after the city receives a complaint and checks postings. Further discussion. Mr. Benetti said the city offers three warnings, but it is hard to prove and there are no legal action or citations yet. Ms. Schack asked how cities with restrictions with short-term and long-term delineate. Ms. Gundlach said Roseville defines short-term as less than 30 days.

Motion by Goodwin, seconded by Olson to adopt policies without changes 3-A-3-J, 3-C, 3-J, 3-K(1), 3-K(2), 3-K(3), 3-M, 3-N, 3-O, 3-P, 3-R. Motion adopted.

Ms. McDonnell reviewed staff suggestions for Policy 3-B. Motion by Heineman, seconded by Buesgens to adopt the policy as drafted. Motion adopted.

Motion by Shimek, seconded by Goodwin, to adopt Policy 3-D as drafted. Motion adopted.

Chair Butkowski reviewed Lauderdale's suggestion on Policy 3-E. Motion by Olson, seconded by Goodwin to adopt the policy as drafted. Motion adopted.

Ms. McDonnell reviewed staff changes suggested for Policy 3F. Motion by Shimek, seconded by Goodwin to adopt the policy as drafted. Motion adopted.

Ms. McDonnell reviewed staff changes suggested for Policy 3G. Ms. Shimek stated that for the changes suggested by White Bear Lake and St Louis Park, she would defer to St Louis Park.

Discussion. Chair Butkowski suggested the policy be held over for the third meeting for further discussion and presentation by St Louis Park. Ms. McDonnell reviewed Oakdale's suggested language. Ms. Wischnack added a link in the chat that she noted discusses the suggested change: https://www.revenue.state.mn.us/sites/default/files/2023-03/hf1808%28sf1957%29%20Class%204d%20Changes%20and%20Aid_pt_2.pdf. The policy will be held until the third meeting.

Motion by Buesgens, seconded by Dahl to approve Policy 3-H as drafted. Motion adopted.

Motion by Olson, seconded by Goodwin to adopt Policy 3-I as drafted. Motion adopted.

Ms. Olson reviewed changes suggested for Policy 3-K(2) and suggested leaving out the word "downtown". Ms. Berggren asked could it be expanded to be more inclusive (functional obsolete buildings). Ms. Shimek suggested adding strip malls. Ms. Olson said she would suggest the policy be held for further discussion and Chair Butkowski agreed. Chair Butkowski asked Ms. Olson if owners are facing foreclosure. Ms. Olson said it may not be foreclosure, but if the building is vacant, it may draw safety issues and lose vibrancy.

Ms. McDonnell reviewed changes suggested by staff for Policy 3-L. Discussion. Ms. Hawkinson stated support for language by St Louis Park to have other cities be able to transfer pooled TIF funds into the trust account for affordable housing. Discussion. Ms. Gundlach stated that any language that broadens use of housing districts helps affordable housing in general. Ms. Beard stated there is pressure to not adopt local policies more restrictive than state laws about TIF. Chair Butkowski stated this will be held over.

Ms. Shimek reviewed changes suggested for Policy 3-Q. Motion by Buesgens, seconded by Dahl to approve the policy with suggested changes as drafted. Motion adopted.

Chair Butkowski adjourned the meeting at 2:32 pm.

September 20, 2023

TO: Housing and Economic Development Policy Committee
FROM: Ania McDonnell, Metro Cities Staff
RE: Housing & Economic Development Policy Committee Memo

Welcome to the third and final policy committee meeting! The committee will hear from the Department of Employment and Economic Development and review suggested modifications for remaining open policies. **Please note that this meeting will be conducted REMOTELY.**

Policy amendments for the three remaining open policies, based on committee discussion and staff review, are included in this packet.

ADOPTED POLICIES

| | |
|---|---|
| 3-A City Role in Housing | <i>No suggested changes.</i> |
| 3-B City Role in Affordable and Life Cycle Housing | <i>Updated projections for the additional households in the Metropolitan region.</i> |
| 3-C Inclusionary Zoning | <i>No suggested changes.</i> |
| 3-D Metropolitan Council Role in Housing | <i>Technical clarifying changes.</i> |
| 3-E Allocation of Affordable Housing Need | <i>Revises the language related to an appeals process with the Council to include the plan review process as well as the need allocations.</i> |
| 3-F Housing Policy and Production Survey | <i>Technical changes.</i> |
| 3-H Federal Role in Affordable and Workforce Housing | <i>Removes the language related to opportunity zones.</i> |
| 3-I Vacant, Boarded, and Foreclosed Properties and Properties at Risk | <i>Clarifying and technical changes.</i> |
| 3-J Housing Ordinance Enforcement | <i>No suggested changes.</i> |
| 3-K Introduction: Economic Development, Redevelopment and Workforce Readiness | <i>No suggested changes.</i> |
| 3-K (1) Economic Development | <i>No suggested changes.</i> |
| 3-K (3) Workforce Readiness | <i>No suggested changes.</i> |
| 3-M Eminent Domain | <i>No suggested changes.</i> |
| 3-N Community Reinvestment | <i>No suggested changes.</i> |
| 3-O Business Incentives Policy | <i>No suggested changes.</i> |
| 3-P Broadband Technology | <i>No suggested changes.</i> |
| 3-Q City Role in Environmental Protection and Sustainable Development | <i>Adds language related to state funding for new and existing programs that support a variety of climate related programs at the local and regional level.</i> |
| 3-R Impaired Waters | <i>No suggested changes.</i> |

OPEN POLICIES

| | |
|-----------------------------|---|
| 3-G State Role in Housing | <i>Staff suggested changes. Source of income protection language, two policy suggested changes from White Bear Lake and Saint Louis Park. 4d language – staff suggested and suggestions from the city of Oakdale.</i> |
| 3-K (2) Redevelopment | <i>Suggested change by the city of Minneapolis - redevelopment of office and retail buildings into housing.</i> |
| 3-L Tax Increment Financing | <i>Staff suggested change. Suggested language related to transferring pooled TIF into LHTF by the city of Saint Louis Park. Suggested language related to housing district income qualification by the city of Brooklyn Park.</i> |

Thank you for your thoughtful participation. I look forward to seeing you next week.

1 **Housing & Economic Development**

2 **3-A to 3-J: Introduction**

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

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 groups.

8 **3-A City Role in Housing** **ADOPTED**

9 Cities in Minnesota are responsible for most ground-level housing policy, including land use planning,
10 code enforcement, rental licensing, and often the packaging of multi-level financial incentives. Cities are
11 responsible for ensuring local health and safety and the structural soundness and livability of the local
12 housing stock through building permits and inspections.

13 Cities are charged with providing public infrastructure to serve current and future residents and must
14 assess the effects of a new development on parks, local roads, water, sanitary sewer, and stormwater
15 capacities to ensure that additional needs for infrastructure are assumed by the new development and
16 not current taxpayers. It is the city that assumes the future financial responsibility, management, and
17 maintenance for improvements and infrastructure after a developer has completed a project.

18 It is also the responsibility of cities to periodically review local requirements such as land use regulations
19 and ordinances, and make long range plans consistent with state statute, to ensure that they are
20 consistent with these purposes. While local government financial resources constitute a relatively small
21 portion of the total costs of providing housing, many cities take on a significant administrative burden by
22 providing financial incentives and regulatory relief, participating in state and regional housing programs,
23 and supporting either local or countywide housing and redevelopment authorities and community
24 development agencies.

25 When a developer seeks to advance a development proposal that does not meet straight housing and
26 mixed-use zoning codes and requirements, the developer may request a planned unit development
27 (PUD) agreement with a city. PUDs, where appropriate, can provide zoning flexibility to develop a site
28 that is otherwise not permitted by a city code. The use of PUDs may allow for more variety and creativity
29 in land uses, increased density on a site, internal transfers of density, construction phasing, reduced
30 setbacks, and a potential for lower development costs.

31 In the interest of adhering to local long-range plans and managing local health, safety, viability, and
32 welfare needs, a city may request certain public benefits from a developer, including but not limited to
33 additional open space, preservation of wooded land and environmentally sensitive areas, landscaping
34 along major roadways, providing a mix of housing types, and enhanced design and landscaping features.
35 Cities may also provide a developer with credit for investments in public infrastructure greater than
36 would be minimally required, including water, sanitary sewer, stormwater, or road infrastructure.

37 **Metro Cities strongly opposes any effort to reduce, alter or interfere with cities’ authority to carry out**
38 **these functions in a locally determined manner.**

39 **Metro Cities supports exceptions to the land use timelines in Minn. Stat. § 15.99 in the event of**
40 **extenuating local and state circumstances. Metro Cities supports local authority determination when**
41 **exercising the use of exceptions, recognizing projects may be in different stages of approval. If a state**
42 **of emergency limits the ability of city staff to complete a land use review, it should not result in de**
43 **facto approval of an application.**

44 **3-B City Role in Affordable and Life Cycle Housing** **ADOPTED**

45 **Metro Cities supports housing that is affordable and appropriate for people at all stages of life.** A
46 variety of housing opportunities are important to the economic and social well-being of local
47 communities and the metropolitan region. The region faces challenges in meeting the existing and future
48 housing needs of low and moderate-income residents. Existing housing stock is aging, with ~~roughly over~~
49 half older than 40 years old, according to the U.S. Census Bureau. Older housing stock can be more
50 affordable; however, it requires investments to remain viable.

51 Private investors have purchased subsidized and unsubsidized rental units, made improvements, and
52 charged higher rents that have made access to previously affordable units prohibitive for low and
53 moderate-income residents. This investor ownership has converted owner-occupied houses to rental
54 houses, which has impacted the ability of lower-income renters to become homeowners and build
55 wealth. Neighbors and cities have seen a lack of investment in these rental homes that has led to the
56 deterioration of the housing stock.

57 The Metropolitan Council has projected the region will add nearly ~~35,000~~ 60,845 households earning up
58 to 50 percent area median income between 2021 and 2030 2020 and 2030 that will need affordable
59 housing. ~~and require a subsidy of \$5 billion to meet the needs of households earning up to 50 percent~~
60 ~~area median income. Senior households bring the number of low-income households up significantly,~~
61 with the number of age 65+ households growing by 51,691 during that time-period.

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

- 66 • Applying for funding from available grant and loan programs;
- 67
- 68 • Using city and county funds to support affordable housing. This can include creating a local or
69 regional housing trust fund to support affordable housing;
- 70
- 71 • Providing information, encouraging ~~participation~~ and incentivizing participation in the Section 8
72 Housing Choice Voucher program to landlords;
- 73
- 74 • Working with developers and residents to blend affordable housing into new and existing
75 neighborhoods, including locations with access to amenities and services;
- 76
- 77 • Working with the state and Metropolitan Council to recognize the relationship between housing and
78 mobility options, including transit and pedestrian routes;
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- 80 • Periodically examining local requirements, policies and review processes to determine their impacts
81 on the construction of affordable housing;
- 82
- 83 • Considering criteria under which a city may change its fee structure in support of additional
84 affordable housing;
- 85
- 86 • Supporting housing options that meet a city’s current and future demographics, including family size,
87 age, mobility, and ability levels;
- 88
- 89 • Supporting housing design that is flexible, accessible and usable for residents with varied abilities at
90 multiple stages of life;
- 91
- 92 • Supporting housing with supportive services for people with disabilities;
- 93
- 94 • Employing innovative strategies to advance affordable housing needs such as public- private
95 partnerships or creative packaging of regulatory relief and incentives;
- 96
- 97 • Using available regulatory mechanisms to shape housing communities;
- 98
- 99 • Recognizing the inventory of subsidized and unsubsidized (naturally occurring) affordable housing,
100 and working collaboratively with buyers and sellers of naturally occurring affordable housing to
101 retain affordability; *(Staff suggested change, combining bullets)*
102
- 103 • Tracking the impacts on the housing market of investor-owned homes and enacting local strategies
104 and policies that support home purchases by owners who reside in the homes;
- 105
- 106 • Supporting ~~state~~ policy solutions ~~thate~~ provide cities with tools to mitigate any negative impacts on
107 city housing stock and prospective homebuyers due to investor- owned purchasing of homes; and
108 *(Staff suggested change).*
109
- 110 ~~• Working collaboratively with buyers and sellers of naturally occurring affordable housing to retain~~
111 ~~affordability.~~

112 **3-C Inclusionary Housing**

ADOPTED

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

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

127 **3-D Metropolitan Council Role in Housing** **ADOPTED**

128 The Metropolitan Council is statutorily required to assist cities with meeting the provisions of the Land
129 Use Planning Act (LUPA) under Minn. Stat. § 473. The LUPA requires cities to adopt sufficient standards,
130 plans and programs to meet their local share of the region’s overall projected need for low and
131 moderate-income housing. The Council’s responsibilities include the preparation and adoption of
132 guidelines and procedures to assist local government units with accomplishing the requirements of the
133 LUPA.

134 The Metropolitan Council also offers programs and initiatives to create affordable housing opportunities,
135 including the Livable Communities Act programs and operation of a metropolitan housing and
136 redevelopment authority.

137 Unlike parks, transit and wastewater, housing is not a statutory regional system. The Metropolitan
138 Council’s role, responsibilities and authority are more limited in scope, centered on assisting local
139 governments by identifying the allocation of need for affordable housing, projecting regional growth and
140 identifying available tools, resources, technical assistance and methods that cities can use to create and
141 promote affordable housing opportunities in their communities.

142 The Metropolitan Council should work in partnership with local governments to ensure that the range of
143 housing needs for people at various life cycles and incomes can be met. **Metro Cities opposes the**
144 **elevation of housing to “Regional System” status. Metro Cities supports removing the Metropolitan**
145 **Council’s review and comment authority connected to housing revenue bonds under Minn. Stat. §**
146 **462C.04.**

147 In 2014, the Metropolitan Council released ~~ait’s first~~ housing policy plan ~~in nearly thirty years, the first~~
148 ~~of its kind in nearly 30 years.~~ A Metropolitan Council housing policy plan should include defined local,
149 regional, and state roles for the provision of housing in all sectors, identify the availability of and need
150 for tools and resources for affordable and life-cycle housing, be explicit in supporting partnerships for the
151 advocacy for state and federal resources for housing, and encompass policies, best practices, and
152 technical guidance for all types of housing. A plan should also recognize the diversity in local needs,
153 characteristics, and resources. *(Staff suggested changes)*

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

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

161 **Metro Cities supports continued city representation in any updated or new regional housing policy**
162 **plan and other regional housing policy considerations.**

163 **3-E Allocation of Affordable Housing Need** **ADOPTED**

164 The affordable housing need allocation methodology determines the number of needed affordable
165 housing units for the metropolitan region and distributes the need by assigning each city its fair share
166 through an affordable housing need number. Minn. Stat. § 473.859 requires cities to guide sufficient land
167 to accommodate local shares of the region’s affordable housing need. **Metro Cities supports additional**
168 **Metropolitan Council resources to assist cities in meeting cities’ share of the region’s affordable**
169 **housing needs.**

170 **Metro Cities supports the creation of a variety of housing opportunities.** However, the provision of
171 affordable and lifecycle housing is a shared responsibility between the private sector and government at
172 all levels, including the federal government, state government and Metropolitan Council. Land
173 economics, construction costs, labor costs, and infrastructure needs create barriers to the creation of
174 affordable housing that cities cannot overcome without assistance.

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

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

- 202 • **The formula should be adjusted to better reflect the balance and breadth of existing subsidized**
203 **and naturally occurring affordable housing stocks; and**
204
- 205 • **The Council should work with local governments through an appeals process in order to resolve**
206 **any local issues and concerns with respect to the need allocations and the plan review process.**
207 *(Suggested change by the city of Lauderdale)*

208 **3-F Housing Policy and Production Survey** **ADOPTED**

209 The Metropolitan Council calculates a city’s housing production annually. Production information is
210 collected through an annual city survey as well as Council data. Cities participating in Livable
211 Communities are required to include their housing action plan and ALHOA funding amounts in their
212 survey responses. Beginning in 2022, the Council ~~will~~ began compiling the data in a report to share city
213 practices and funding sources that support the creation of new affordable housing units. *(Staff suggested*
214 *change)*

215 **Metro Cities supports a regular review of the survey questions and use of data, with city input. Any**
216 **proposed new, deleted, or expanded uses or programs in which data from the Housing Policy and**
217 **Production Survey would be used should be reviewed by local officials and Metro Cities. Metro Cities**
218 **supports a consistent schedule for sending the annual housing production survey to cities.**

219 **3-G State Role in Housing**

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

225 Primarily through programs administered by the Minnesota Housing Finance Agency (MHFA), the state
226 establishes the general direction and prioritization of housing issues, and financially supports a variety of
227 housing, including transitional housing, privately and publicly-owned housing, supportive housing, senior
228 housing, workforce housing, and family housing.

229 Minnesota’s low-income rental property classification, commonly known as class 4d(1), allows landlords
230 to certify qualifying low-income rental property. The state must continue to be an active partner in
231 addressing life cycle and affordable housing needs. *(Staff suggested change).*

232 Workforce housing is generally defined as housing that supports economic development and job growth
233 and is affordable to the local workforce. A statewide program, administered through the Minnesota
234 Housing Finance Agency, supports workforce homeownership efforts in the metropolitan area. State
235 policies and funding should recognize that affordable housing options that are accessible to jobs and
236 meet the needs of a city’s workforce are important to the economic competitiveness of cities and the
237 metro region. In addition, significant housing related racial disparities persist in Minnesota, especially as
238 it relates to the percentage of households of color who pay more than 30 percent of their income in
239 housing costs and as it relates to the significant disparity gap in homeownership rates.

240 Metro Cities supports:

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- Increased, sustainable and adequate state funding for new and existing programs that support life cycle, workforce and affordable housing, address homeownership disparities, address foreclosure mitigation, address housing for families with children, and support senior, transitional and emergency housing for the metro region;
- **An ongoing** state match for local and regional housing trust fund investments and local policies in support of affordable housing. State funds should be issued on a timeline that works with a city’s budget process; *(Staff suggested change)*
- Private sector funding for workforce housing;
- Housing programs that assist housing development, preservation and maintenance of existing housing stock, including unsubsidized, naturally occurring affordable housing that is affordable to residents throughout the low-to-moderate income range;
- State funded housing programs, including housing assistance **programs** to help with affordability; *(Staff suggested change)*
- Housing programs designed to develop market rate housing in census blocks with emerging or high concentrations of poverty, where the private market might not otherwise invest, as a means of creating mixed-income communities and reconciling affordable housing with community development goals;
- Continuing the policy of using the Minnesota Housing Finance Agency’s investment earnings for housing programs;
- City input into state legislation and administrative policies regarding distribution of tax credits and tax-exempt bonding;
- Exemptions from, or reductions to sales, use and transaction taxes applied to the development and production of affordable housing;
- Consideration of the use of state bond proceeds and other appropriations for land banking, land trusts, and rehabilitation and construction of affordable housing;
- Programs that help avoid foreclosures, improve homeownership rates and reduce racial disparities through homeownership assistance programs and counseling services, including down payment assistance and pre-purchasing counseling to improve financial wellness and inform homeowner and potential homeowners of their rights, options, and costs associated with owning a home;

- 282 • **State tenant protection policies, including source of income protections, as well as a city’s ability**
 283 **to enact tenant protections to support access to affordable housing and housing stability for**
 284 **tenants; (White Bear Lake suggested language change)**
- 285 • **Prohibiting landlords from offering for rent, renting or renewal of a rental unit based wholly or**
 286 **partially on source of income, including rental payments or portions of rental payments that will**
 287 **be made by other individuals, or federal, state or local agencies. (Saint Louis Park suggested**
 288 **language change).**
- 289
- 290 • **Housing stability for renters through policies that mitigate the impact of or reduces the number of**
 291 **evictions filed;**
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- 293 • **Policies that encourage public housing authorities and owners of federally assisted housing to**
 294 **consider a holistic approach to selecting tenants during the application and screening process, and**
 295 **avoid excluding tenants solely based on criminal records;**
- 296
- 297 • **Exploring best practices toward increased housing affordability for residents, housing maintenance**
 298 **standards and providing quality housing for residents. Cities should work with rental housing**
 299 **owners and operators when establishing best practices;**
- 300
- 301 • ~~Preserving the state 4d low income property tax classification which provides a property tax~~
 302 ~~benefit to qualifying low income rental properties. Metro Cities supported a 2021 Department of~~
 303 ~~Revenue evaluation and report of the 4d low income property tax classification to determine how~~
 304 ~~program changes could affect renters, landlords and property taxpayers. Any program expansion~~
 305 ~~proposals for state mandated class-rate reductions should include a full analysis of the impacts to~~
 306 ~~local property tax bases before their enactment.~~ Metro Cities opposes any changes to the **4d(1)**
 307 ~~program that substantially increases the tax responsibility for residents and businesses or~~
 308 ~~increases the tax benefit for landlords without including increased benefits for renters of 4d(1)~~
 309 ~~units, including but not limited to deeper affordability or property reinvestment. Metro Cities~~
 310 ~~supports a property owner being required to receive city approval where the property is located,~~
 311 ~~for all 4d(1) property that has not in whole or in part been classified as 4d(1) property (Suggested~~
 312 ~~change from the city of Oakdale).~~ Metro Cities also supports ongoing **4d(1) aid, and lowering the**
 313 **threshold of eligibility for cities to receive 4d(1) aid.**
- 314
- 315 ~~Metro Cities supports the continuation of implementation of a reporting process for landlords~~
 316 ~~benefitting from the 4d(1) class rate reduction to ensure deeper affordability or property~~
 317 ~~reinvestment,~~ and a sunset period for any changes made to the program to evaluate the range of
 318 impacts that expanding the program may have; (Staff suggested changes)
- 319
- 320 • ~~An affordable~~ Metro Cities supports the state housing tax credit to support local governments and
 321 ~~the private sector to help spur construction and secure additional private investment. This~~
 322 ~~incentive could be used in conjunction with city, regional, or other state incentives; (Staff~~
 323 ~~suggested changes) and~~
- 324

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

328 **3-H Federal Role in Affordable and Workforce Housing** **ADOPTED**

329 Federal funding plays a critical role in aiding states and local governments in their efforts to maintain and
330 increase affordable and workforce housing. Providing working families access to housing is an important
331 piece to the economic vitality of the region. Metro Cities encourages the federal government to maintain
332 and increase current levels of funding for affordable and workforce housing. Federal investment in
333 affordable and workforce housing will maintain and increase the supply of affordable and life cycle
334 housing as well as make housing more affordable through rental assistance programs such as the Section
335 8 housing choice voucher program.

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

341 ~~Opportunity Zones is a community development program established by Congress in the Tax Cuts and~~
342 ~~Jobs Act of 2017 to encourage long term investments in low income urban and rural communities~~
343 ~~nationwide. The Opportunity Zones program provides a tax incentive for investors to re-invest their~~
344 ~~unrealized capital gains into Opportunity Funds that are dedicated to investing into Opportunity Zones.~~
345 ~~The tax incentive is available for up to ten years.~~

346 ~~128 census tracts were designated as Opportunity Zones in 2018. The United States Treasury released~~
347 ~~rules on April 17, 2019 which provide guidance and clarification for investors and fund managers. It is~~
348 ~~anticipated that the Act may be a useful tool in spurring development in low income communities and~~
349 ~~could help with business development and jobs. There are also questions about what impact the Act will~~
350 ~~have on the residents that live and businesses that operate in these communities today. For example,~~
351 ~~while development may have positive impacts such as increasing tax base or job opportunities, robust~~
352 ~~development could have unintended consequences such as displacement of current residents and~~
353 ~~businesses.~~

354 ~~Metro Cities urges the federal government to seek regular input from communities, especially from~~
355 ~~individuals and businesses within Opportunity Zones, regarding how the tool is being used, whether the~~
356 ~~tool is encouraging new development opportunities, and how community members who live in the~~
357 ~~Zones are impacted.~~

358 ~~The State of Minnesota should utilize community development resources to stimulate investment in~~
359 ~~Opportunity Zones and adopt policies that ensure that local residents, workers and businesses benefit~~
360 ~~from the investments. (Staff suggested change).~~

361 **Metro Cities supports:**

- 362 • Preserving and increasing funding for the Community Development Block Grant Program (CDBG)
- 363 and the federal HOME program that are catalysts for creating and preserving affordable housing;
- 364
- 365 • Preserving and increasing resources and incentives to sustain existing public housing throughout
- 366 the Metro Area;
- 367
- 368 • Maintaining the federal tax credit program to help spur construction and secure additional private
- 369 investment, including making the four percent Low Income Housing Tax Credit a fixed rate as was
- 370 done with the nine percent credit in 2015;
- 371
- 372 • Creating and implementing a more streamlined procedural method for local units of government
- 373 to participate in and access federal funding and services dealing with grants, loans, and tax
- 374 incentive programs for economic and community development efforts;
- 375
- 376 • Additional resources to assist communities to meet obligations to reduce barriers to and promote
- 377 fair housing and equal opportunity;
- 378
- 379 • Maintaining and increasing resources to Section 8 funding and to support incentives for rental
- 380 property owners to participate in the program;
- 381
- 382 • Federal funding programs for renters with limited income or fixed income;
- 383
- 384 • Rental increase caps when the rent increase exceeds a 5-year running average; and
- 385
- 386 • Federal funding to provide short-term assistance for HRAs to facilitate the sale of tax-exempt
- 387 bonds.

388 **3-I Vacant, Boarded, and Foreclosed Properties and Properties at Risk** **ADOPTED**

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

392 **Metro Cities supports solutions to vacant and boarded properties that recognize that Prevention is**
 393 **more cost effective than a cure; The causes of this problem are many and varied, requiring a variety**
 394 **of solutions thus the solutions must be as well; and It is not simply a “city” problem so and cities**
 395 **must not be expected to bear the bulk of the burden of mitigation, because it is not simply a “city”**
 396 **problem. (Staff suggested changes, removing bullet points).**

397 **Further, Metro Cities supports:**

- 398 • Registration of vacant and boarded properties;
- 399
- 400 • Allowing cities to acquire vacant and boarded properties before deterioration and vandalism
- 401 result in unsalvageable structures, including providing financial tools such as increasing eminent

402 domain flexibility;

403

404 • Improving the ability of cities to recoup the increased public safety, management, and
405 enforcement costs related to vacant properties;

406

407 • Improvement of the redemption process to provide increased notification to renters, strengthen
408 the ability of homeowners to retain their properties, and reduce the amount of time a property is
409 vacant;

410

411 • Expedition of the tax forfeiture process;

412

413 • Increasing financial tools for neighborhood recovery efforts, including tax increment financing; and

414

415 • Year-round notification by utility companies of properties not receiving utility service.

416 **3-J Housing Ordinance Enforcement**

ADOPTED

417 A Minnesota State Supreme Court ruling, *Morris v. Sax*, stated that provisions of the city of Morris' rental
418 housing code were invalid because there were subjects dealt with under the state building code and the
419 city was attempting to regulate these areas "differently from the state building code."

420 Minn. Stat. § 326B.121, subdivision 1 states: "The State Building Code is the standard that applies
421 statewide for the construction, reconstruction, alteration, repair, and use of buildings and other
422 structures of the type governed by the code. The State Building Code supersedes the building code of
423 any municipality." Subdivision 2 states: "A municipality must not by ordinance, or through development
424 agreement, require building code provisions regulating components or systems of any structure that are
425 different from any provision of the State Building Code. This subdivision does not prohibit a municipality
426 from enacting or enforcing an ordinance requiring existing components or systems of any structure to be
427 maintained in a safe and sanitary condition or in good repair, but not exceeding the standards under
428 which the structure was built, reconstructed, or altered, or the component or system was installed,
429 unless specific retroactive provisions for existing buildings have been adopted as part of the State
430 Building Code. A municipality may, with the approval of the state building official, adopt an ordinance
431 that is more restrictive than the State Building Code where geological conditions warrant a more
432 restrictive ordinance. A municipality may appeal the disapproval of a more restrictive ordinance to the
433 commissioner."

434 **Metro Cities supports the ability of cities to enforce all housing codes passed by a local municipality to**
435 **maintain its housing stock.**

436 **3-K Economic Development, Redevelopment and Workforce Readiness**

ADOPTED

437 The economic viability of the metropolitan area is enhanced by an array of economic development tools
438 that create infrastructure, revitalize previously developed property, provide incentives for business
439 development, support technological advances, support a trained workforce, and address disparities in
440 economic development and workforce development. It should be the goal of the state to champion
441 development and redevelopment by providing adequate and sustainable funding to assure
442 competitiveness in a global marketplace. The state should recognize the relationship between housing

443 and economic development. Access to affordable child care supports working families and allows
444 parents to enter or remain in the workforce. Economic development and redevelopment are not
445 mutually exclusive – some projects require a boost on both counts. The State of Minnesota should
446 recognize cities as the primary unit of government responsible for the implementation of economic
447 development, redevelopment policies, and land use controls.

448 **3-K(1) Economic Development**

ADOPTED

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

455 A strength of the regional economy is its economic diversity. Multiple industry clusters and sectors
456 employ a specialized, trained workforce and support entrepreneurs in developing new businesses.
457 Partnerships and collaborations among the state and local levels of government, higher education and
458 industry should continue to develop, to commercialize new technologies and to support efforts to
459 enhance the economic vitality of the region.

460 While cities are the unit of local government primarily responsible for the implementation of economic
461 development, counties have an interest in supporting local economic development efforts. Any creation
462 of a county CDA, EDA or HRA with economic development powers should follow Minn. Stat. § 469.1082
463 that requires a city to adopt a resolution electing to participate. Cities can work with the public and
464 private sectors to support the region’s economic growth by reducing barriers to economic participation
465 by people of color.

466 **Metro Cities supports state funded programs that support new and expanding businesses,**
467 **infrastructure development and public-private partnerships.** This includes the Minnesota Investment
468 Fund, Job Creation Fund and Angel Tax Credit. Programs using statewide funding should strive to award
469 funds balanced between the metro region and greater Minnesota. **Metro Cities supports competitive**
470 **funding for statewide grant programs such as the Minnesota Investment Fund (MIF) as opposed to**
471 **direct legislative appropriations for projects from these funds.** Metro Cities supports a percentage of
472 MIF loan repayments to cities. The state should provide administrative support and technical assistance
473 to cities that administer these programs. Applications for state MIF funds should allow a city to indicate
474 support for a MIF grant or a loan.

475 **Metro Cities supports economic tools that facilitate job growth without relying solely on the property**
476 **tax base; green job development and related innovation and entrepreneurship; programs to support**
477 **minority business start-ups; small business financing tools including a state new markets tax credit**
478 **program mirrored on the federal program; tools to attract and retain data centers and other IT**
479 **facilities; access to affordable child care; and maintaining existing municipal authority to establish a**
480 **special service district (SSD).** Metro Cities supports further study of allowing mixed-use buildings that
481 **have both commercial and residential uses to be included in an SSD.**

482 **3-K(2) Redevelopment**

483 Redevelopment facilitates the re-use of previously developed land, thereby leveling the playing field
484 between greenfield and brownfield sites so that a developer can choose to locate on land that has
485 already been used.

486 Redeveloping properties supports community vibrancy and revitalization. Redevelopment increases the
487 local property tax base, increases land values, provides more efficient use of new or existing public
488 infrastructure (including public transit), reduces urban sprawl, and enhances the livability of
489 neighborhoods. Jobs are created three times – at demolition and cleanup, during construction, and
490 ongoing jobs tied to the new use.

491 Redevelopment may occur on non-polluted land or on brownfields. Brownfields are abandoned, idled, or
492 underused industrial and commercial properties where financing or redevelopment is complicated by
493 actual or suspected environmental contamination. Federal, state, regional and local governments fund
494 investigation and cleanup of blighted or other brownfield properties that allows for redevelopment
495 without risking human health or potential environmental liabilities. Correcting and stabilizing polluted
496 soils and former landfill sites allows cities to redevelop and reuse properties. For many cities in the
497 metropolitan region, redevelopment is economic development.

498 **Metro Cities supports increased funding from federal, state and regional sources.** The Metropolitan
499 Council’s Livable Communities Act programs fund redevelopment activities that support cleanup and tax
500 base revitalization. **Metro Cities supports allowing a maximum levy amount for this program, as
501 provided under law. Metro Cities supports increased and sustained state funds for DEED-administered
502 programs like the Redevelopment Grant and Demolition Loan Program, dedicated to metropolitan
503 area projects, innovative Business Development Public Infrastructure grants, as well as increased,
504 flexible and sustained funding for the Contamination Cleanup and Investigation Grant Program.**

505 The expansion of transit service throughout the region brings opportunity for redevelopment and
506 transit-oriented development (TOD). **Metro Cities supports financing, regulatory tools and increased
507 flexibility in the use of Tax Increment Financing (TIF) to nurture TOD. Metro Cities supports funding
508 Transit Improvement Areas (TIAs) and ensuring that the eligibility criteria encourage a range of
509 improvements and infrastructure and accommodate varying city circumstances and needs.**

510 **Metro Cities supports expansion of existing tools or development of new funding mechanisms to
511 correct unsuitable soils as well as city authority to redevelop land previously used as landfills and
512 dumps.** If a city receives initial approval from a state regulatory authority, a city’s redevelopment project
513 approval should be considered final.

514 Local governments and cities may choose to revitalize historic structures rather than construct new
515 buildings. **Metro Cities supports extension of the sunset of the state income tax credit and maintaining
516 the federal tax credit for preservation of historic properties. Metro Cities supports collection of the
517 state refund for the historic expenditures over one year.**

518 The COVID-19 pandemic changed the way Americans work. As more employees are working from home
519 on a full-time or hybrid basis, more and more employers are downsizing their office spaces. As a result
520 of this national trend, cities are experiencing significant commercial vacancy issues, especially in their
521 downtowns. At the same time, cities are facing a shortage of housing, and a severe shortage of
522 affordable housing. This is a national issue. According to the [New York Times](#), there is about 998 million

523 square feet of vacant office space in cities across the U.S. This presents an opportunity to convert
524 vacant, functionally obsolete, and/or underutilized commercial space to housing units, and many U.S.
525 cities and states are responding to this opportunity by creating incentives for these conversions.

526
527 **Metro Cities supports state funding, tax credits and policy tools that will assist with the conversion of**
528 **vacant commercial space to residential or new types of uses that support economic growth of cities.**
529 *(Suggested change by city of Minneapolis).*

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

532 **3-K(3) Workforce Readiness**

ADOPTED

533 A trained workforce is important to a strong local, regional, and state economy. Cities have an interest in
534 the availability of qualified workers and building a future workforce based on current and future
535 demographics, as part of their economic development efforts. Cities can work with the public and
536 private sectors to address workforce readiness to include removing barriers to education access,
537 addressing racial disparities in achievement and employment gaps, addressing the occupational gender
538 gap, and support training and jobs for people with disabilities. The state has a role to prepare and train a
539 qualified workforce through the secondary, vocational, and higher education systems and job training
540 and retraining programs in the Department of Employment and Economic Development (DEED),
541 including youth employment programs.

542 **Metro Cities supports:**

- 543 • **Increased funding for the Job Skills Partnership, youth employment programs and other workforce**
544 **training programs administered by the state that lead to jobs that provide a living wage and**
545 **benefits, support workers of all abilities, and help address racial disparity gaps in employment;**
546
- 547 • **Innovative workforce programs and partnerships that foster workforce readiness for a full range of**
548 **jobs and careers, including skilled municipal jobs and current high opportunity areas such as**
549 **manufacturing and construction;**
550
- 551 • **Investments in programs that address the gender wage gap, including training for women to enter**
552 **nontraditional careers;**
553
- 554 • **A payroll tax credit for job training programs that invest in employees; and**
555
- 556 • **A city's authority to tie workforce requirements to local public finance assistance.**

557 **3-L Tax Increment Financing (TIF)**

558 Tax Increment Financing (TIF) continues to be the primary tool available for local communities to assist
559 economic development, redevelopment, and housing. Over time, statutory changes have made this
560 critical tool increasingly difficult to use. At the same time, federal and state development and
561 redevelopment resources have been steadily shrinking. The cumulative impact of TIF restrictions,
562 shrinking federal and state redevelopment resources and highly restrictive eminent domain laws

563 constrain cities' abilities to address problem properties, which leads to an accelerated level of decline of
564 developed cities in the metropolitan area. Thus, the only source of revenue available to accomplish the
565 scope of redevelopment necessary is the value created by the redevelopment itself, or the "increment."
566 Without the use of the increment, development will either not occur or is unlikely to be optimal.

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

- 568 • **Not adopt any statutory language that would further constrain or directly or indirectly reduce the**
569 **effectiveness of TIF;**
- 570 • **Not adopt any statutory language that would allow a county, school district or special taxing**
571 **district to opt out of a TIF district;**
572
- 573 • **Incorporate the Soils Correction District criteria into the Redevelopment District criteria so that a**
574 **Redevelopment District can be comprised of blighted and contaminated parcels in addition to**
575 **railroad property;**
576
- 577 • **Expand the flexibility of TIF to support a broader range of redevelopment projects;**
578
- 579 • **Amend MN Statutes to clarify that tax increment pooling limitations are calculated on a**
580 **cumulative basis;**
581
- 582 • **Increase the ability to pool increments from other districts to support projects;**
583
- 584 • **Expand authority for all cities to transfer unobligated pooled increment from a housing or**
585 **redevelopment TIF district to support a local housing trust fund for any eligible expenditure under**
586 **Minn. Stat. § 462C.16.** *(Suggested language change from city of Saint Louis Park).*
587
- 588 • **Modify the housing district income qualification level requirements to allow the levels to vary**
589 **according to individual communities and/or to support deeply affordable units.** *(Suggested*
590 *language change from city of Brooklyn Park)*
591
- 592 • **Continue to monitor the impacts of tax reform on TIF districts and if warranted provide cities with**
593 **additional authority to pay for possible TIF shortfalls;**
594
- 595 • **Allow for the creation of transit zones and transit-related TIF districts in order to shape**
596 **development and related improvements around transit stations but not require the use of TIF**
597 **districts to fund the construction or maintenance of the public transit line itself unless a local**
598 **community chooses to do so;**
599
- 600 • **Allow TIF eligibility expansion to innovative technological products, recognizing that not only**
601 **physical items create economic value;**
602
- 603 • **Support changes to TIF law that will facilitate the development of "regional projects";**
604

- 605 • **Shift TIF redevelopment policy away from a focus on “blight” and “substandard” to “functionally**
 606 **obsolete” or a focus on long range planning for a particular community, reduction in greenhouse**
 607 **gases or other criteria more relevant to current needs;**
 608
- 609 • **Encourage DEED to do an extensive cost-benefit analysis related to redevelopment, including an**
 610 **analysis of the various funding mechanisms, and an analysis of where the cost burden falls with**
 611 **each of the options compared to the distribution of the benefits of the redevelopment project;**
 612
- 613 • **Support TIF for neighborhood recovery efforts in the wake of the foreclosure crisis;**
 614
- 615 • **Consider creating an inter-disciplinary TIF team to review local exception TIF proposals, using**
 616 **established criteria, and make recommendations to the legislature on their passage;**
 617
- 618 • **Encourage the State Auditor to continue to work toward a more efficient and streamlined**
 619 **reporting process. There are an increasing number of noncompliance notices that have overturned**
 620 **longstanding practices or limited statutorily defined terms.**

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

- 627 • **Clarify the use of TIF when a sale occurs after the closing of a district;**
 628
- 629 • **Revise the substandard building test to simplify, resolve ambiguities and reduce continued threat**
 630 **of litigation; and**
 631
- 632 • **Amend TIF statutes to address, through extending districts or other mechanisms, shortfalls related**
 633 **to declining market values.**
 634
- 635 • **Metro Cities supports statutory modifications to TIF statutes to provide temporary flexibility for**
 636 **municipalities in the use of unobligated TIF increment as cities address local revenue challenges**
 637 **resulting from the COVID-19 pandemic. Metro Cities opposes changes to TIF laws that would**
 638 **mandate the forgiveness of loans by a TIF authority to a business. (Staff suggested change).**

639 **3-M Eminent Domain**

ADOPTED

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

643 The proper operation and long-term economic vitality of our cities is dependent on the ability of a city,
 644 its citizens, and its businesses to continually reinvest and reinvent. Reinvestment and reinvention
 645 strategies can occasionally conflict with the priorities of individual residents or business owners. Eminent

646 domain is a critical tool in the reinvestment and reinvention process and without it our cities may
647 deteriorate to unprecedented levels before the public reacts.

648 Metro Cities strongly encourages the Governor and Legislature to revisit eminent domain laws to allow
649 local governments to address redevelopment problems before those conditions become financially
650 impossible to address.

651 **Specifically, Metro Cities supports:**

- 652 • **Clarifying contamination standards;**
- 653
- 654 • **Developing different standards for redevelopment to include obsolete structures or to reflect the**
655 **deterioration conditions that currently exist in the metropolitan area;**
- 656
- 657 • **Allowing for the assembly of multiple parcels for redevelopment projects;**
- 658
- 659 • **Modifying the public purpose definition under Minn. Stat. § 117 to allow cities to more**
660 **expediently address properties that are vacant or abandoned in areas with high levels of**
661 **foreclosures, as well as address neighborhood stabilization and recovery;**
- 662
- 663 • **Providing the ability to acquire land from “holdouts” who will now view a publicly funded project**
664 **as an opportunity for personal gain at taxpayer expense; i.e. allow for negotiation using balanced**
665 **appraisals for fair relocation costs;**
- 666
- 667 • **Examining attorney fees and limit fees for attorneys representing a property owner;**
- 668
- 669 • **Allowing for relocation costs not to be paid if the city and property owner agree to a sale contract;**
- 670
- 671 • **A property owner’s appraisal to be shared with the city prior to a sale agreement; and**
- 672
- 673 • **Appropriately balanced awards of attorney fees and costs of litigation with the outcome of the**
674 **eminent domain proceeding.**

675 **3-N Community Reinvestment** **ADOPTED**

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

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

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

685 **3-O Business Incentives Policy** **ADOPTED**

686 Without a thorough study, the Legislature should not make any substantive changes to the Business
687 Subsidy Act, as defined in Minn. Stat. § 116J.993, but should look to technical changes that would
688 streamline both state and local processes and procedures. The Legislature should distinguish between
689 development incentives and redevelopment activities. In addition, in order to ensure cohesive and
690 comprehensive regulations, the legislature should limit regulation of business incentives to the Business
691 Subsidy Act.

692 **Metro Cities supports additional legislation that includes tools to help enhance and facilitate economic**
693 **development and job creation. Metro Cities supports increased flexibility for meeting business subsidy**
694 **agreements during a state of emergency.**

695 **3-P Broadband Technology**

ADOPTED

696 Where many traditional economic development tools have focused on managing the costs and
697 availability of traditional infrastructure – roads, rail, and utilities – the 21st century economy is
698 dependent on reliable, cost effective, high bandwidth communications capabilities. This includes voice,
699 video, data, and other services delivered over cable, telephone, fiber-optic, wireless, and other
700 platforms.

701 The state has increased its role in expanding broadband infrastructure across the state by funding
702 broadband access for residents and businesses. The Governor’s Broadband Task Force regularly
703 recommends updates to state broadband speed goals and funding levels to expand statewide broadband
704 access. The Office of Broadband Development in the Department of Employment and Economic
705 Development (DEED) supports the role of broadband in economic development. The Office coordinates
706 broadband mapping and administers state broadband grant funds.

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

716 **Metro Cities supports:**

- 717 • **State policies and support programs that substantially increase speed and capacity of broadband**
718 **services statewide, including facilitating solutions at the local level. The state should offer**
719 **incentives to private sector service providers to respond to local or regional needs and to**
720 **collaborate with cities and other public entities to deploy broadband infrastructure capable of**
721 **delivering sufficient bandwidth and capacity to meet immediate and future local needs as well as**
722 **policies which seek to position Minnesota as a state of choice for testing next-generation**
723 **broadband;**
724

- 725 • **Metro eligibility for broadband funds, including increased capacity for areas with existing levels of**
726 **service;**
- 727
- 728 • **Testing and review of street-level broadband speeds and updating of comprehensive statewide**
729 **street-level mapping of broadband services to identify underserved areas and connectivity issues.**
- 730
- 731 • **Programs and projects that improve broadband adoption, achieve significantly higher broadband**
732 **speeds, and support efforts to improve digital inclusion by ensuring that robust and affordable**
733 **Internet connectivity is widely available to all Minnesotans.**
- 734
- 735 • **Municipal authority and encouragement of local governments to play a direct role in providing**
736 **broadband service. This includes repealing Minn. Stat. § 237.19. The state should clarify that cities**
737 **have the authority to partner with private entities to finance broadband infrastructure using city**
738 **bonding authority;**
- 739
- 740 • **Local authority to manage and protect public rights-of-way including public and private**
741 **infrastructure, to zone, to collect compensation for the use of public assets, or to work**
742 **cooperatively with and respond to applications from the private sector. Cities may exercise local**
743 **authority over zoning and land-use decisions for siting, upgrading, or altering wireless service**
744 **facilities and exercise regulations of structures in the public right-of-way; and**
- 745
- 746 • **Public-private collaborations that support broadband infrastructure and services at the local and**
747 **regional level, including partnerships and cooperation in providing last-mile connections.**

748 **3-Q City Role in Environmental Protection and Sustainable Development** **ADOPTED**

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

755 **Metro Cities supports public and private environmental protection efforts to reduce greenhouse gas**
756 **emissions and to further protect surface and ground water. Metro Cities also supports “green” design**
757 **and construction techniques to the extent that those techniques have been thoroughly tested and are**
758 **truly environmentally beneficial, economically sustainable and represent sound building practices.**
759 **Metro Cities supports additional, feasible environmental protection with adequate funding and**
760 **incentives to comply. Metro Cities supports state funding for municipal renewable energy objectives.**

761 **Metro Cities supports sustained state funding for new and existing programs that support local climate**
762 **action planning, climate resiliency, climate related infrastructure projects including funding and**
763 **technical support for local level public-private planning initiatives that address climate resiliency issues**
764 **that impact economic viability in the metropolitan area at a local and regional level** *(White Bear Lake*
765 *suggested change).*

766 Green jobs represent employment and entrepreneurial opportunities that are part of the green
767 economy, as defined in Minn. Stat. § 116J.437, including the four industry sectors of green products,
768 renewable energy, green services and environmental conservation. Minnesota’s green jobs policies,
769 strategies and investments need to lead to high quality jobs with good wages and benefits, meeting
770 current wage and labor laws.

771 **3-R Impaired Waters** **ADOPTED**

772 Local units of government should not bear undue cost burdens associated with completed TMDL
773 reports. As recent Total Maximum Daily Load (TMDL) reports show, non-point agricultural sources are
774 producing more runoff pollution than urban areas at a rate of 13:1. Cities must not be required as
775 primary entities for funding the clean-up and protection of state and regional water resources. Benefits
776 of efforts must be proportional to the costs incurred and agricultural sources must be held responsible
777 for their share of costs.

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

783 **Metro Cities supports continued funding of the framework established to improve the region’s ability**
784 **to respond to market demands for development and redevelopment, including dedicated funding for**
785 **surface water impairment assessments, TMDL development, storm water construction grants and**
786 **wastewater construction grants.**

787