

2024 Housing & Economic Development Committee Members

Brett Angell	Community Development Director	Rogers
Karen Barton	Community Development Director	St. Louis Park
Michelle Basham	Economic Development & Housing Director	Brooklyn Park
Tim Benetti	Community Development Director	Apple Valley
Josh Berg	Councilmember	Elko New Market
Kim Berggren	Community Development Director	Bloomington
Jenn Brewington	Community & Economic Development Director	Victoria
Kirt Briggs	Mayor	Prior Lake
Connie Buesgens	Councilmember	Columbia Heights
*Heather Butkowski	City Administrator	Lauderdale
Aaron Chirpich	City Manager	Columbia Heights
Kissy Coakley	Councilmember	Minnetonka
Jeffrey Dahl	City Manager	Wayzata
Ryan Evanson	Councilmember	Fridley
Inderia Falana	Government Relations Representative	Minneapolis
Mitchell Forney	Community Development Director	Columbia Heights
James Fritts	Housing & Economic Development Coordinator	Woodbury
Ryan Garcia	City Administrator	South St. Paul
Andrew Gitzlaff	Community Development Director	Oakdale
Tom Goodwin	Councilmember	Apple Valley
Ben Gozola	Asst. Director of Community Assets and Development	New Brighton
Derek Gunderson	Councilmember	Victoria
Janice Gundlach	Community Development Director	Roseville
Maurice Harris	Councilmember	Golden Valley
Stephanie Hawkinson	Affordable Housing Development Manager and Planning	Edina
Chris Heineman	City Administrator	Little Canada
Steven Huser	Government Relations Representative	Minneapolis
Cheryl Jacobson	City Administrator	Mendota Heights
Rachel James	Councilmember	Columbia Heights
Marvin Johnson	Mayor	Independence
Daniel Lightfoot**	IGR Representative	League of MN Cities
Deb McMillan	Mayor	Victoria
Loren Olson	Senior Government Relations Representative	Minneapolis
**Hannah Pallmeyer	Government Affairs Liaison	Metropolitan Council
Danette Parr	Community Development Director	Maplewood
Eric Petersen	IGR Director	St. Paul
Julie Pointner	Councilmember	Plymouth
Rebecca Schack	Councilmember	Minnetonka
Cara Schulz	Councilmember	Burnsville
Eric Searles	Asst. Community Development Director	Woodbury
Alex Sharpe	Planner & Economic Development Specialist	Apple Valley
Tracy Shimek	Housing & Economic Development Coordinator	White Bear Lake
Lori Sommers	Senior Planner	Plymouth

Mike Supina	Councilmember	Eagan
Jeff Thomson	Community Development Director	Burnsville
Katie Topinka	IGR Director	Minneapolis
Julie Urban	Housing & Redevelopment Manager	Richfield
Jason Wedel	City Manager	Prior Lake
Kimberly Wilburn	Councilmember	Minnetonka
**Owen Wirth	IGR Representative	League of MN Cities
Julie Wischnack	Community Development Director	Minnetonka

*Committee Chair **Guest/Non-City Official

August 21, 2024

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

Wednesday, August 28, 2024
1:00 p.m. – 3:30 p.m.
Hybrid Meeting: Lake
Superior Room/LMC Building
Or
Join Zoom Meeting:

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

AGENDA

1. Call to order. (Heather Butkowski, Chair)
2. Approval of minutes for the July 31, 2024 meeting.
3. Presentation and Q&A: ***Annie Reiersen and Jennifer Bergman, Minnesota Housing Finance Agency on Local Government Housing Programs, including Local Affordable Housing Aid***
4. Review policy committee memo. (Ania McDonnell, Government Relations Specialist)
5. Discussion of policies and suggested modifications.
 - a. Policies with no recommended changes.
 - b. 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)

Future Committee Meetings:
Wednesday, September 25, 2024

Housing and Economic Development Policy Committee Minutes for Meeting of July 31, 2024

Present: Heather Butkowski, Hannah Pallmeyer, Tracy Shimek, Eric Petersen, Connie Buesgens, Patricia Nauman, Mike Lund, Ania McDonnell, Jennifer Dorn, Ben Gozola, Stephanie Hawkinson, Cheryl Jacobson, Ryan Evanson, Rachel James, Janice Gundlach, Mitchell Forney, Jason Wedel, Julie Pointner, Julie Wischnack, Maurice Harris, Julie Urban, Danette Parr, Inderia Falana, Karen Barton, Marvin Johnson, Loren Olsen, Kimberly Wilburn, Deb McMillan, Brett Angell, Eric Searles, phone number: 612- 840-3433, James Fritts, Andrew Gitzlaff, Kim Berggren, Tim Bennetti.

Chair Butkowski called the meeting to order at 1:03 p.m.

Chair Butkowski introduced herself and had members introduce themselves.

Ms. Nauman reviewed policy committee protocols and processes.

Ms. McDonnell reviewed the policy committee memo, and policy updates.

Ms. Hawkinson commented regarding preemption bills and the need to recognize that the housing crisis is different in the Metro area than it is in greater MN. She also suggested a payment in lieu of inclusionary housing, that could be directed to support affordable housing when there are not alternative funding sources.

Ms. James noted that she supported allowing multifamily housing in commercial areas. Ms. Buesgens asked about affordable housing in the 30% AMI range and concern about who pays for funding gaps for housing addressing 30% AMI needs. She stated that we need to focus on state and federal funding. Discussion. Mr. Evanson raised concerns that the bill allowing multifamily housing in commercial areas would override local decision making and asked whether cities can do this now without a state law change. Ms. Nauman stated that cities can do on their own what all preemption bills would mandate.

Ms. Wilburn stated she does not favor a payment in lieu concept and has concerns that it encourages segregation. Ms. Hawkinson noted this would be an option, not a requirement. Ms. Jacobson noted it would be similar to park dedication fees. Further discussion.

Ms. Urban noted that a city has a limited commercial tax base and commercial areas located along a freeway and next to an airport which are not ideal places to live and that this is an example of why one-size-fits-all zoning mandates do not work.

Ms. Hawkinson asked whether the Metropolitan Council has any ability to incent cities to work toward their housing goals. Mr. Evanson asked if Metro Cities supports the use of prevailing wage. Ms. Nauman stated Metro Cities does not have a position.

Ms. Wischnack: noted TIF pooling and strengthening the language in the policy about that.

Ms. Urban asked about local rental licensing of group homes. Other members voiced similar concerns about the new law that prohibits local licensing. Mr. Lund noted that this policy and language would be addressed in the General Government committee.

Chair Butkowski moved to a five-minute break and the meeting resumed at 2:14pm.

Metropolitan Council staff presented on the draft 2050 Housing Policy Plan. Discussion and questions followed.

Chair Butkowski moved to new issues for future consideration. Discussion followed regarding corporate ownership of housing and the lack of tools.

Mr. Petersen asked whether housing policies to respond to preemption bills are adequate. Ms. Nauman stated that policies tend to be broad and not bill specific.

Mr. Petersen stated St. Paul supports looking at the TIF policy for potential tweaks and potential language regarding homelessness.

Ms. McDonnell noted that MN Housing will present at the second meeting.

Ms. Butkowski adjourned the meeting at 3:25 pm.

August 21, 2024

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

The next policy committee meeting will be next Wednesday, August 28th. Guest speakers from Minnesota Housing will present on programs administered through the new Local Government Division at Minnesota Housing, including the new Local Affordable Housing aid program.

Policy amendments based on discussion and staff review are included in this packet.

Based on discussion and no recommended changes, staff recommends adopting the following policies. Committee members may request a policy be pulled from this list for further discussion.

HED-1 to HED-10: Introduction	<i>No suggested changes</i>
HED-1 City Role in Housing	<i>No suggested changes</i>
HED-2 City Role in Affordable and Life Cycle Housing	<i>No suggested changes</i>
HED-4 Metropolitan Council Role in Housing	<i>No suggested changes</i>
HED-5 Allocation of Affordable Housing Need	<i>No suggested changes</i>
HED-6 Housing Policy & Production Survey	<i>No suggested changes</i>
HED-8 Federal Role in Affordable and Workforce Housing	<i>No suggested changes</i>
HED-9 Vacant, Boarded, and Foreclosed Properties and Properties at Risk	<i>No suggested changes</i>
HED-10 Housing Ordinance Enforcement	<i>No suggested changes</i>
HED-11 to HED-13: Introduction	<i>No suggested changes</i>
HED-11 Economic Development	<i>No suggested changes</i>
HED-12 Redevelopment	<i>No suggested changes</i>
HED-13 Workforce Readiness	<i>No suggested changes</i>
HED-14 Tax Increment Financing (TIF)	<i>No suggested changes</i>
HED-15 Eminent Domain	<i>No suggested changes</i>
HED-16 Community Reinvestment	<i>No suggested changes</i>
HED-17 Business Incentives Policy	<i>No suggested changes</i>
HED-19 City Role in Environmental Protection and Sustainable Development	<i>No suggested changes</i>
HED-20 Impaired Waters	<i>No suggested changes</i>

Staff recommends keeping the following policies open for additional review and discussion, based on comments at the first meeting.

HED-3 Inclusionary Housing	<i>Suggested language from the city of Edina on payment in lieu of inclusion.</i>
HED-7 State Role in Housing	<i>Staff suggested rearranging language on 4d(1). Staff suggested language on LAHA.</i>

	<i>City of White Bear Lake potential suggested language on pooling LAHA funds.</i>
HED-18 Broadband Technology	<i>Staff suggested change, delete language related to Minn. Stat. § 237.19 which requires a supermajority voter approval for the provision of municipal broadband.</i>

Thank you for your participation in the committee process. I look forward to seeing you next week.

1 **HED-1 TO HED-10: INTRODUCTION**

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

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

8 **HED-1 CITY ROLE IN HOUSING**

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

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

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

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

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

40 Metro Cities opposes any effort to reduce, alter or interfere with cities' authority to carry out
41 these functions in a locally determined manner.

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

47 **HED-2 CITY ROLE IN AFFORDABLE AND LIFE CYCLE HOUSING**

48 Metro Cities supports housing that is affordable and appropriate for people at all stages of life.
49 A variety of housing opportunities are important to the economic and social well-being of local
50 communities and the metropolitan region. The region faces challenges in meeting the existing
51 and future housing needs of low and moderate-income residents.

52 Existing housing stock is aging, with over half older than 40 years old, according to the U.S.
53 Census Bureau. Older housing stock can be more affordable; however, it requires investments to
54 remain viable.

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

61 The Metropolitan Council has projected the region will add nearly 60,845 households earning
62 up to 50 percent area median income between 2020 and 2030 that will need affordable
63 housing. Senior households bring the number of low-income households up significantly, with
64 the number of age 65+ households growing by 51,691 during that time- period.

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

- 69 • Applying for funding from available grant and loan programs;
- 70 • Using city and county funds to support affordable housing. This can include creating a local or
71 regional housing trust fund to support affordable housing;
- 72 • Providing information, encouraging and incentivizing participation in the Section 8 Housing
73 Choice Voucher program to landlords;
- 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 • Working with the state and Metropolitan Council to recognize the relationship between
77 housing and mobility options, including transit and pedestrian routes;
- 78 • Periodically examining local requirements, policies and review processes to determine their
79 impacts on the construction of affordable housing;
- 80 • Considering criteria under which a city may change its fee structure in support of additional
81 affordable housing;
- 82 • Supporting housing options that meet a city’s current and future demographics, including
83 family size, age, mobility, and ability levels;
- 84 • Supporting housing design that is flexible, accessible and usable for residents with varied
85 abilities at multiple stages of life;
- 86 • Supporting housing with supportive services for people with disabilities;
- 87 • Employing innovative strategies to advance affordable housing needs such as public- private
88 partnerships or creative packaging of regulatory relief and incentives;
- 89 • Using available regulatory mechanisms to shape housing communities;
- 90 • Recognizing the inventory of subsidized and unsubsidized (naturally occurring) affordable
91 housing, and working collaboratively with buyers and sellers of naturally occurring affordable
92 housing to retain affordability;
- 93 • Tracking the impacts of investor-owned homes on the housing market, and enacting local
94 strategies and policies that support home purchases by owners who reside in the homes;

95 • Supporting policy solutions that provide cities with tools to mitigate any negative impacts on
96 city housing stock and prospective homebuyers due to investor- owned purchasing of homes.

97 **HED-3 INCLUSIONARY HOUSING**

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

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

114 Metro Cities supports a clarification to state statute that statutory and charter cities may collect
115 a payment in lieu of the inclusion of affordable housing units that will be directed to a local
116 housing trust fund to support affordable housing preservation, development, and housing
117 stabilization in alignment with individual city goals. (Suggested language from the city of Edina).

118 **HED-4 METROPOLITAN COUNCIL ROLE IN HOUSING**

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

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

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

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

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

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

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

154 Metro Cities supports continued city representation in any updated or new regional housing
155 policy plan and other regional housing policy considerations.

156 **HED-5 ALLOCATION OF AFFORDABLE HOUSING NEED**

157 The affordable housing need allocation methodology determines the number of needed
158 affordable housing units for the metropolitan region and distributes the need by assigning each
159 city its fair share through an affordable housing need number. Minn. Stat. § 473.859 requires
160 cities to guide sufficient land to accommodate local shares of the region’s affordable housing

161 need. Metro Cities supports additional Metropolitan Council resources to assist cities in meeting
162 cities' share of the region's affordable housing needs.

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

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

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

193 **HED-6 HOUSING POLICY AND PRODUCTION SURVEY**

194 The Metropolitan Council annually calculates a city’s housing production. Production
195 information is collected through an annual city survey as well as Council data. Cities
196 participating in Livable Communities programs are required to include their housing action plan
197 and ALHOA funding amounts in their survey responses. Beginning in 2022, the Council began
198 compiling the data in a report to share city practices and funding sources that support the
199 creation of new affordable housing units.

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

205 **HED-7 STATE ROLE IN HOUSING**

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

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

215 Minnesota’s low-income rental property classification, commonly known as class 4d(1), allows
216 landlords to certify qualifying low-income rental property. The state must continue to be an
217 active partner in addressing life cycle and affordable housing needs. Any program expansion
218 proposals for state mandated class-rate reductions should include a full analysis of the impacts
219 to local property tax bases before their enactment. Metro Cities opposes any changes to the
220 4d(1) program that substantially increases the tax responsibility for residents and businesses or
221 increases the tax benefit for landlords without including increased benefits for renters of 4d(1)
222 units. Metro Cities supports a property owner being required to receive city approval where the
223 property is located, for all 4d(1) property that has not in whole or in part been classified as
224 4d(1) property. Metro Cities also supports ongoing 4d(1) aid, and lowering the threshold of
225 eligibility for cities to receive 4d(1) aid. Metro Cities supports the continuation of a reporting
226 process for landlords benefitting from the 4d(1) class rate reduction to ensure deeper
227 affordability or property reinvestment, and a sunset period for any changes made to the

228 program to evaluate the range of impacts that expanding the program may have. (Staff
229 suggested change to move this language up).

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

239 A 0.25% metropolitan area regional sales tax enacted in 2023 provides Local Affordable Housing
240 Aid (LAHA) to cities over 10,000 in population in the metropolitan region, and cities received the
241 first distribution of LAHA in 2024. A report to the Minnesota Housing Finance Agency on LAHA
242 uses and expenditures is due on December 1, 2025, and every year thereafter. (Staff suggested
243 change).

244 Given the variability in sales taxes collected each year, Metro Cities urges the Legislature to
245 consider extending the timeline in which cities must expend funds. Metro Cities further
246 supports having funds be considered expended if they are deposited into a local housing trust
247 fund, which provides flexibility for cities in maximizing public resources for housing
248 projects. (Suggested change from the city of White Bear Lake). Metro Cities supports a sunset to
249 the LAHA reporting requirements, including reporting on locally funded housing expenditures.
250 (Staff suggested change).

251 Metro Cities supports:

- 252 • Increased, sustainable and adequate state funding for new and existing programs that support
253 life cycle, workforce and affordable housing, address homeownership disparities, address
254 foreclosure mitigation, address housing for families with children, and support senior,
255 transitional and emergency housing for the metro region;
- 256 • An ongoing state match for local and regional housing trust fund investments and local
257 policies in support of affordable housing. State funds should be issued on a timeline that works
258 with a city's budget process;
- 259 • Private sector funding for workforce housing;

- 260 • Housing programs that assist housing development, preservation and maintenance of existing
261 housing stock, including unsubsidized, naturally occurring affordable housing that is affordable
262 to residents throughout the low-to-moderate income range;
- 263 • State funded housing assistance programs to help with affordability;
- 264 • Housing programs designed to develop market rate housing in census blocks with emerging or
265 high concentrations of poverty, where the private market might not otherwise invest, as a
266 means of creating mixed-income communities and reconciling affordable housing with
267 community development goals;
- 268 • Continuing the policy of using the Minnesota Housing Finance Agency’s investment earnings
269 for housing programs;
- 270 • City input into state legislation and administrative policies regarding distribution of tax credits
271 and tax-exempt bonding;
- 272 • Exemptions from, or reductions to sales, use and transaction taxes applied to the
273 development and production of affordable housing;
- 274 • Consideration of the use of state bond proceeds and other appropriations for land banking,
275 land trusts, and rehabilitation and construction of affordable housing;
- 276 • Programs that help avoid foreclosures, improve homeownership rates and reduce racial
277 disparities through homeownership assistance programs and counseling services, including
278 down payment assistance and pre-purchasing counseling to improve financial wellness and
279 inform homeowner and potential homeowners of their rights, options, and costs associated
280 with owning a home;
- 281 • State tenant protection policies as well as a city’s ability to enact tenant protections to
282 support access to affordable housing and housing stability for tenants;
- 283 • Prohibiting landlords from denying housing opportunities to residents based on their source
284 of income;
- 285 • Housing stability for renters through policies that mitigate the impact of or reduces the
286 number of evictions filed;
- 287 • Policies that encourage public housing authorities and owners of federally assisted housing to
288 consider a holistic approach to selecting tenants during the application and screening process,
289 and avoid excluding tenants solely based on criminal records;

290 • Exploring best practices toward increased housing affordability for residents, housing
291 maintenance standards and providing quality housing for residents. Cities should work with
292 rental housing owners and operators when establishing best practices;

293 ~~• Any program expansion proposals for state mandated class rate reductions should include a~~
294 ~~full analysis of the impacts to local property tax bases before their enactment. Metro Cities~~
295 ~~opposes any changes to the 4d(1) program that substantially increases the tax responsibility for~~
296 ~~residents and businesses or increases the tax benefit for landlords without including increased~~
297 ~~benefits for renters of 4d(1) units. Metro Cities supports a property owner being required to~~
298 ~~receive city approval where the property is located, for all 4d(1) property that has not in whole~~
299 ~~or in part been classified as 4d(1) property. Metro Cities also supports ongoing 4d(1) aid, and~~
300 ~~lowering the threshold of eligibility for cities to receive 4d(1) aid. Metro Cities supports the~~
301 ~~continuation of a reporting process for landlords benefitting from the 4d(1) class rate reduction~~
302 ~~to ensure deeper affordability or property reinvestment, and a sunset period for any changes~~
303 ~~made to the program to evaluate the range of impacts that expanding the program may have;~~

304 • The state housing tax credit to support local governments and the private sector to help spur
305 construction and secure additional private investment; and

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

309 **HED-8 FEDERAL ROLE IN AFFORDABLE AND WORKFORCE HOUSING**

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

317 In July 2015, the U.S. Department of Housing and Urban Development (HUD) released a final
318 rule on affirmatively furthering fair housing (AFFH) with an aim to provide communities that
319 receive HUD funding with clear guidelines to meet their obligation under the Fair Housing Act of
320 1968 to promote and reduce barriers to fair housing and equal opportunity. HUD has since
321 provided new guidance to comply with the AFFH rule.

322 Metro Cities supports:

- 323 • Preserving and increasing funding for the Community Development Block Grant Program
324 (CDBG) and the federal HOME program that are catalysts for creating and preserving affordable
325 housing;
- 326 • Preserving and increasing resources and incentives to sustain existing public housing
327 throughout the Metro Area;
- 328 • Maintaining the federal tax credit program to help spur construction and secure additional
329 private investment, including making the four percent Low Income Housing Tax Credit a fixed
330 rate as was done with the nine percent credit in 2015;
- 331 • Creating and implementing a more streamlined procedural method for local units of
332 government to participate in and access federal funding and services dealing with grants, loans,
333 and tax incentive programs for economic and community development efforts;
- 334 • Additional resources to assist communities to meet obligations to reduce barriers to and
335 promote fair housing and equal opportunity;
- 336 • Maintaining and increasing resources to Section 8 funding and to support incentives for rental
337 property owners to participate in the program;
- 338 • Federal funding programs for renters with limited income or fixed income;
- 339 • Rental increase caps when the rent increase exceeds a 5-year running average; and
- 340 • Federal funding to provide short-term assistance for HRAs to facilitate the sale of tax- exempt
341 bonds.

342 **HED-9 VACANT, BOARDED, AND FORECLOSED PROPERTIES AND PROPERTIES AT RISK**

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

346 Metro Cities supports solutions to vacant and boarded properties that recognize that prevention
347 is more cost effective than a cure, the causes of this problem are many and varied, requiring a
348 variety of solutions, and cities must not be expected to bear the bulk of the burden of
349 mitigation, because it is not simply a “city” problem. Further, Metro Cities supports:

- 350 • Registration of vacant and boarded properties;

- 351 • Allowing cities to acquire vacant and boarded properties before deterioration and vandalism
352 result in unsalvageable structures, including providing financial tools such as increasing eminent
353 domain flexibility;
- 354 • Improving the ability of cities to recoup the increased public safety, management, and
355 enforcement costs related to vacant properties;
- 356 • Improvement of the redemption process to provide increased notification to renters,
357 strengthen the ability of homeowners to retain their properties, and reduce the amount of time
358 a property is vacant;
- 359 • Expedition of the tax forfeiture process;
- 360 • Increasing financial tools for neighborhood recovery efforts, including tax increment financing;
361 and
- 362 • Year-round notification by utility companies of properties not receiving utility service.

363 **HED-10 HOUSING ORDINANCE ENFORCEMENT**

364 A Minnesota State Supreme Court ruling, *Morris v. Sax*, stated that provisions of the city of
365 Morris’ rental housing code were invalid because there were subjects dealt with under the state
366 building code and the city was attempting to regulate these areas “differently from the state
367 building code.”

368 Minn. Stat. § 326B.121, subdivision 1 states: “The State Building Code is the standard that
369 applies statewide for the construction, reconstruction, alteration, repair, and use of buildings
370 and other structures of the type governed by the code. The State Building Code supersedes the
371 building code of any municipality.” Subdivision 2 states: “A municipality must not by ordinance,
372 or through development agreement, require building code provisions regulating components or
373 systems of any structure that are different from any provision of the State Building Code. This
374 subdivision does not prohibit a municipality from enacting or enforcing an ordinance requiring
375 existing components or systems of any structure to be maintained in a safe and sanitary
376 condition or in good repair, but not exceeding the standards under which the structure was
377 built, reconstructed, or altered, or the component or system was installed, unless specific
378 retroactive provisions for existing buildings have been adopted as part of the State Building
379 Code. A municipality may, with the approval of the state building official, adopt an ordinance
380 that is more restrictive than the State Building Code where geological conditions warrant a
381 more restrictive ordinance. A municipality may appeal the disapproval of a more restrictive
382 ordinance to the commissioner.”

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

385 **HED-11 to HED-13 INTRODUCTION**

386 The economic viability of the metropolitan area is enhanced by an array of economic
387 development tools that create infrastructure, revitalize previously developed property, provide
388 incentives for business development, support technological advances, support a trained
389 workforce, and address disparities in economic development and workforce development. It
390 should be the goal of the state to champion development and redevelopment by providing
391 adequate and sustainable funding to assure competitiveness in a global marketplace. The state
392 should recognize the relationship between housing and economic development. Access to
393 affordable childcare supports working families and allows parents to enter or remain in the
394 workforce. Economic development and redevelopment are not mutually exclusive – some
395 projects require a boost on both counts. The State of Minnesota should recognize cities as the
396 primary unit of government responsible for the implementation of economic development,
397 redevelopment policies, and land use controls.

398 **HED-11 ECONOMIC DEVELOPMENT**

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

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

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

417 Metro Cities supports state funded programs that support new and expanding businesses,
418 infrastructure development and public-private partnerships. This includes the Minnesota
419 Investment Fund, Job Creation Fund and Angel Tax Credit. Programs using statewide funding
420 should strive to award funds balanced between the metro region and greater Minnesota. Metro
421 Cities supports competitive funding for statewide grant programs such as the Minnesota
422 Investment Fund (MIF) as opposed to direct legislative appropriations for projects from these
423 funds. Metro Cities supports a percentage of MIF loan repayments to cities. The state should
424 provide administrative support and technical assistance to cities that administer these
425 programs. Applications for state MIF funds should allow a city to indicate support for a MIF
426 grant or a loan.

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

435 **HED-12 REDEVELOPMENT**

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

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

444 Redevelopment may occur on non-polluted land or on brownfields. Brownfields are abandoned,
445 idled, or underused industrial and commercial properties where financing or redevelopment is
446 complicated by actual or suspected environmental contamination.

447 Federal, state, regional and local governments fund investigation and cleanup of blighted or
448 other brownfield properties that allows for redevelopment without risking human health or
449 potential environmental liabilities. Correcting and stabilizing polluted soils and former landfill
450 sites allows cities to redevelop and reuse properties. For many cities in the metropolitan region,
451 redevelopment is economic development.

452 Metro Cities supports increased funding from federal, state and regional sources. The
453 Metropolitan Council's Livable Communities Act programs fund redevelopment activities that
454 support cleanup and tax base revitalization. Metro Cities supports allowing a maximum levy
455 amount for this program, as provided under law. Metro Cities supports increased and sustained
456 state funds for DEED-administered programs like the Redevelopment Grant and Demolition
457 Loan Program, dedicated to metropolitan area projects, innovative Business Development
458 Public Infrastructure grants, as well as increased, flexible, and sustained funding for the
459 Contamination Cleanup and Investigation Grant Program.

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

466 Metro Cities supports expansion of existing tools or development of new funding mechanisms
467 to correct unsuitable soils as well as city authority to redevelop land previously used as landfills
468 and dumps. If a city receives initial approval from a state regulatory authority, a city's
469 redevelopment project approval should be considered final. Local governments and cities may
470 choose to revitalize historic structures rather than construct new buildings.

471 Metro Cities supports extension of the sunset of the state income tax credit and maintaining the
472 federal tax credit for preservation of historic properties. Metro Cities supports collection of the
473 state refund for the historic expenditures over one year.

474 The COVID-19 pandemic changed the way Americans work. As more employees are working
475 from home on a full-time or hybrid basis, more and more employers are downsizing their office
476 spaces. As a result of this national trend, cities are experiencing significant commercial vacancy
477 issues, especially in their downtowns. At the same time, cities are facing a shortage of housing,
478 and a severe shortage of affordable housing. This is a national issue. According to an article
479 published in the New York Times in December 2022, there is about 998 million square feet of
480 vacant office space in cities across the U.S. This presents an opportunity to convert vacant,
481 functionally obsolete, and/or underutilized commercial space to housing units, and many U.S.
482 cities and states are responding to this opportunity by creating incentives for these conversions.
483 Metro Cities supports state funding, tax credits and policy tools that will assist with the
484 conversion of vacant commercial space to residential or new types of uses that support
485 economic growth of cities.

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

489 **HED-13 WORKFORCE READINESS**

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

500 Metro Cities supports:

- 501 • Increased funding for the Job Skills Partnership, youth employment programs and other
502 workforce training programs administered by the state that lead to jobs that provide a living
503 wage and benefits, support workers of all abilities, and help address racial disparity gaps in
504 employment;
- 505 • Innovative workforce programs and partnerships that foster workforce readiness for a full
506 range of jobs and careers, including skilled municipal jobs and current high opportunity areas
507 such as manufacturing and construction;
- 508 • Investments in programs that address the gender wage gap, including training for women to
509 enter nontraditional careers;
- 510 • A payroll tax credit for job training programs that invest in employees; and
- 511 • A city's authority to tie workforce requirements to local public finance assistance.

512 **HED-14 TAX INCREMENT FINANCING (TIF)**

513 Tax Increment Financing (TIF) continues to be the primary tool available for local communities
514 to assist economic development, redevelopment, and housing. Over time, statutory changes
515 have made this critical tool increasingly difficult to use. At the same time, federal and state
516 development and redevelopment resources have been steadily shrinking. The cumulative
517 impact of TIF restrictions, shrinking federal and state redevelopment resources and highly

518 restrictive eminent domain laws constrain cities' abilities to address problem properties, which
519 leads to an accelerated level of decline of developed cities in the metropolitan area. Thus, the
520 only source of revenue available to accomplish the scope of redevelopment necessary is the
521 value created by the redevelopment itself, or the "increment." Without the use of the
522 increment, development will either not occur or is unlikely to be optimal.

523 Metro Cities urges the Legislature to:

- 524 • Not adopt any statutory language that would further constrain or directly or indirectly reduce
525 the effectiveness of TIF;
- 526 • Not adopt any statutory language that would allow a county, school district or special taxing
527 district to opt out of a TIF district;
- 528 • Incorporate the Soils Correction District criteria into the Redevelopment District criteria so
529 that a Redevelopment District can be comprised of blighted and contaminated parcels in
530 addition to railroad property;
- 531 • Expand the flexibility of TIF to support a broader range of redevelopment projects;
- 532 • Amend MN Statutes to clarify that tax increment pooling limitations are calculated on a
533 cumulative basis;
- 534 • Increase the ability to pool increments from other districts to support projects;
- 535 • Expand authority for all cities to transfer unobligated pooled increment from a housing or
536 redevelopment TIF district to support a local housing trust fund for any eligible expenditure
537 under Minn. Stat. § 462C.16;
- 538 • Modify the housing district income qualification level requirements to allow the levels to vary
539 according to individual communities and/or to support deeply affordable units;
- 540 • Continue to monitor the impacts of tax reform on TIF districts and if warranted provide cities
541 with additional authority to pay for possible TIF shortfalls;
- 542 • Allow for the creation of transit zones and transit-related TIF districts in order to shape
543 development and related improvements around transit stations but not require the use of TIF
544 districts to fund the construction or maintenance of the public transit line itself unless a local
545 community chooses to do so;
- 546 • Allow TIF eligibility expansion to innovative technological products, recognizing that not only
547 physical items create economic value;

- 548 • Support changes to TIF law that will facilitate the development of “regional projects”;
- 549 • Shift TIF redevelopment policy away from a focus on “blight” and “substandard” to
- 550 “functionally obsolete” or a focus on long range planning for a particular community, reduction
- 551 in greenhouse gases or other criteria more relevant to current needs;
- 552 • Encourage DEED to do an extensive cost-benefit analysis related to redevelopment, including
- 553 an analysis of the various funding mechanisms, and an analysis of where the cost burden falls
- 554 with each of the options compared to the distribution of the benefits of the redevelopment
- 555 project;
- 556 • Support TIF for neighborhood recovery efforts in the wake of the foreclosure crisis;
- 557 • Consider creating an inter-disciplinary TIF team to review local exception TIF proposals, using
- 558 established criteria, and make recommendations to the legislature on their passage;
- 559 • Encourage the State Auditor to continue to work toward a more efficient and streamlined
- 560 reporting process. There are an increasing number of noncompliance notices that have
- 561 overturned longstanding practices or limited statutorily defined terms.
- 562 The Legislature has not granted TIF rulemaking authority to the State Auditor and the audit
- 563 powers granted by statute are not an appropriate vehicle for making administrative or
- 564 legislative changes to TIF statutes. If the State Auditor is to exercise rulemaking authority, the
- 565 administrative power to do so must be granted explicitly by the Legislature. The audit
- 566 enforcement process does not create a level playing field for cities to challenge the Auditor’s
- 567 interpretation of statutes. The Legislature should provide a process through which to resolve
- 568 disputes over TIF policy that is fair to all parties;
- 569 • Clarify the use of TIF when a sale occurs after the closing of a district;
- 570 • Revise the substandard building test to simplify, resolve ambiguities and reduce continued
- 571 threat of litigation; and
- 572 • Amend TIF statutes to address, through extending districts or other mechanisms, shortfalls
- 573 related to declining market values.

574 **HED-15 EMINENT DOMAIN**

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

579 The proper operation and long-term economic vitality of our cities is dependent on the ability of
580 a city, its citizens, and its businesses to continually reinvest and reinvent.

581 Reinvestment and reinvention strategies can occasionally conflict with the priorities of
582 individual residents or business owners. Eminent domain is a critical tool in the reinvestment
583 and reinvention process and without it our cities may deteriorate to unprecedented levels
584 before the public reacts.

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

588 Specifically, Metro Cities supports:

- 589 • Clarifying contamination standards;
- 590 • Developing different standards for redevelopment to include obsolete structures or to reflect
591 the deterioration conditions that currently exist in the metropolitan area;
- 592 • Allowing for the assembly of multiple parcels for redevelopment projects;
- 593 • Modifying the public purpose definition under Minn. Stat. § 117 to allow cities to more
594 expediently address properties that are vacant or abandoned in areas with high levels of
595 foreclosures, as well as address neighborhood stabilization and recovery;
- 596 • Providing the ability to acquire land from “holdouts” who will now view a publicly funded
597 project as an opportunity for personal gain at taxpayer expense; i.e. allow for negotiation using
598 balanced appraisals for fair relocation costs;
- 599 • Examining attorney fees and limit fees for attorneys representing a property owner;
- 600 • Allowing for relocation costs not to be paid if the city and property owner agree to a sale
601 contract;
- 602 • A property owner’s appraisal to be shared with the city prior to a sale agreement; and
- 603 • Appropriately balanced awards of attorney fees and costs of litigation with the outcome of the
604 eminent domain proceeding.

605 **HED-16 COMMUNITY REINVESTMENT**

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

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

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

617 **HED-17 BUSINESS INCENTIVES POLICY**

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

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

627 **HED-18 BROADBAND TECHNOLOGY**

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

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

640 Cities play a vital role in achieving significantly higher broadband speeds. Local units of
641 government are contributing to increasing broadband capacity and ensuring internet

642 connectivity, reliability, and availability. However, attempts have been made in Minnesota and
643 other states to restrict or stop cities from facilitating the deployment of broadband services or
644 forming partnerships with private sector companies to provide broadband services to unserved
645 or underserved residents or businesses. Restricting municipal authority is contrary to existing
646 state law on electric utility service, telecommunications, and economic development. Metro
647 Cities opposes the adoption of state policies that further restrict a city's ability to finance,
648 construct or operate broadband telecommunications networks.

649 Metro Cities supports:

- 650 • State policies and support programs that substantially increase speed and capacity of
651 broadband services statewide, including facilitating solutions at the local level. The state should
652 offer incentives to private sector service providers to respond to local or regional needs and to
653 collaborate with cities and other public entities to deploy broadband infrastructure capable of
654 delivering sufficient bandwidth and capacity to meet immediate and future local needs as well
655 as policies which seek to position Minnesota as a state of choice for testing next- generation
656 broadband;
- 657 • Metro eligibility for broadband funds, including increased capacity for areas with existing
658 levels of service;
- 659 • Testing and review of street-level broadband speeds and updating of comprehensive
660 statewide street-level mapping of broadband services to identify underserved areas and
661 connectivity issues.
- 662 • Programs and projects that improve broadband adoption, achieve significantly higher
663 broadband speeds, and support efforts to improve digital inclusion by ensuring that robust and
664 affordable Internet connectivity is widely available to all Minnesotans.
- 665 • Municipal authority and encouragement of local governments to play a direct role in providing
666 broadband service. ~~This includes repealing Minn. Stat. § 237.19.~~ The state should clarify that
667 cities have the authority to partner with private entities to finance broadband infrastructure
668 using city bonding authority;
- 669 • Local authority to manage and protect public rights-of-way including public and private
670 infrastructure, to zone, to collect compensation for the use of public assets, or to work
671 cooperatively with and respond to applications from the private sector. Cities may exercise local
672 authority over zoning and land-use decisions for siting, upgrading, or altering wireless service
673 facilities and exercise regulations of structures in the public right-of-way; and

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

676 **HED-19 CITY ROLE IN ENVIRONMENTAL PROTECTION AND SUSTAINABLE DEVELOPMENT**

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

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

690 Metro Cities supports sustained state funding for new and existing programs that support local
691 climate action planning, climate resiliency, climate related infrastructure projects including
692 funding and technical support for local level public-private planning initiatives that address
693 climate resiliency issues that impact economic viability in the metropolitan area at a local and
694 regional level.

695 Green jobs represent employment and entrepreneurial opportunities that are part of the green
696 economy, as defined in Minn. Stat. § 116J.437, including the four industry sectors of green
697 products, renewable energy, green services and environmental conservation.

698 Minnesota’s green jobs policies, strategies and investments need to lead to high quality jobs
699 with good wages and benefits, meeting current wage and labor laws.

700 **HED-20 IMPAIRED WATERS**

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

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

712 Metro Cities supports continued funding of the framework established to improve the region's
713 ability to respond to market demands for development and redevelopment, including dedicated
714 funding for surface water impairment assessments, TMDL development, storm water
715 construction grants and wastewater construction grants.