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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **3536**

February 28, 2008

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The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs

March 18, 2008

Committee Recommendation and Adoption of Report:

Re-referred to the Committee on Taxes without further recommendation

1.1 A bill for an act
1.2 relating to the city of Minneapolis; modifying the city's housing replacement
1.3 district law; amending Laws 1995, chapter 264, article 5, sections 44, subdivision
1.4 4, as amended; 45, subdivision 1, as amended; 46, subdivision 2.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Laws 1995, chapter 264, article 5, section 44, subdivision 4, as amended
1.7 by Laws 1996, chapter 471, article 7, section 21, and Laws 1997, chapter 231, article 10,
1.8 section 12, is amended to read:

1.9 Subd. 4. **Authority.** For housing replacement projects in the city of Crystal,
1.10 "authority" means the Crystal economic development authority. For housing replacement
1.11 projects in the city of Fridley, "authority" means the housing and redevelopment authority
1.12 in and for the city of Fridley or a successor in interest. For housing replacement
1.13 projects in the city of Minneapolis, "authority" means the Minneapolis community
1.14 development agency or its successors and assigns. For housing replacement projects
1.15 in the city of St. Paul, "authority" means the St. Paul housing and redevelopment
1.16 authority. For housing replacement projects in the city of Duluth, "authority" means the
1.17 Duluth economic development authority. For housing replacement projects in the city of
1.18 Richfield, "authority" is the authority as defined in Minnesota Statutes, section 469.174,
1.19 subdivision 2, that is designated by the governing body of the city of Richfield. For
1.20 housing replacement projects in the city of Columbia Heights, "authority" is the authority
1.21 as defined in Minnesota Statutes, section 469.174, subdivision 2, that is designated by the
1.22 governing body of the city of Columbia Heights.

2.1 **EFFECTIVE DATE.** This section is effective the day following final enactment
2.2 and upon compliance by the governing body of the city of Minneapolis with Minnesota
2.3 Statutes, section 645.021, subdivision 3.

2.4 Sec. 2. Laws 1995, chapter 264, article 5, section 45, subdivision 1, as amended by
2.5 Laws 1996, chapter 471, article 7, section 22, and Laws 1997, chapter 231, article 10,
2.6 section 13, and Laws 2002, chapter 377, article 7, section 6, is amended to read:

2.7 Subdivision 1. **Creation of projects.** (a) An authority may create a housing
2.8 replacement project under sections 44 to 47, as provided in this section.

2.9 (b) For the cities of Crystal, Fridley, Richfield, and Columbia Heights, the authority
2.10 may designate up to 50 parcels in the city to be included in a housing replacement
2.11 district. No more than ten parcels may be included in year one of the district, with up
2.12 to ten additional parcels added to the district in each of the following nine years. For
2.13 the cities of ~~Minneapolis~~, St. Paul, and Duluth, each authority may designate not more
2.14 than 200 parcels in the city to be included in a housing replacement district over the life
2.15 of the district. For the city of Minneapolis, the authority may designate not more than
2.16 400 parcels in the city to be included in housing replacement districts over the life of
2.17 the district. The only parcels that may be included in a district are (1) vacant sites, (2)
2.18 parcels containing vacant houses, or (3) parcels containing houses that are structurally
2.19 substandard, as defined in Minnesota Statutes, section 469.174, subdivision 10.

2.20 (c) The city in which the authority is located must pay at least 25 percent of the
2.21 housing replacement project costs from its general fund, a property tax levy, or other
2.22 unrestricted money, not including tax increments.

2.23 (d) The housing replacement district plan must have as its sole object the acquisition
2.24 of parcels for the purpose of preparing the site to be sold for market rate housing. As
2.25 used in this section, "market rate housing" means housing that has a market value that
2.26 does not exceed 150 percent of the average market value of single-family housing in that
2.27 municipality.

2.28 **EFFECTIVE DATE.** This section is effective the day following final enactment
2.29 and upon compliance by the governing body of the city of Minneapolis with Minnesota
2.30 Statutes, section 645.021, subdivision 3.

2.31 Sec. 3. Laws 1995, chapter 264, article 5, section 46, subdivision 2, is amended to read:

2.32 Subd. 2. **Limitation on use of tax increments.** (a) All revenues derived from tax
2.33 increments must be used in accordance with the housing replacement district plan. The
2.34 revenues must be used solely to pay the costs of site acquisition, relocation, demolition

3.1 of existing structures, site preparation, and pollution abatement on parcels identified in
3.2 the housing replacement district plan, as well as public improvements and administrative
3.3 costs directly related to those parcels.

3.4 (b) Notwithstanding paragraph (a), the city of Minneapolis may use revenues
3.5 derived from tax increments from its housing replacement district for activities related
3.6 to parcels not identified in the housing replacement plan, but which would qualify for
3.7 inclusion under section 45, subdivision 1, paragraph (b), clauses (1) through (3).

3.8 **EFFECTIVE DATE.** This section applies to revenues from the housing replacement
3.9 districts, regardless of when they were received, and is effective the day following final
3.10 enactment and upon compliance by the governing body of the city of Minneapolis with
3.11 Minnesota Statutes, section 645.021, subdivision 3.