

Housing Improvement Areas

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What are housing improvement areas?

A housing improvement area (HIA) is a defined area in a city in which housing improvements in condominium, townhome complexes, or manufactured home parks may be financed with the assistance of the city, or the city's economic development authority (EDA) or housing and redevelopment authority (HRA).

Prior to 1996, cities needed special legislation to establish an HIA. In 1996, cities were granted the authority under general law. The general law, codified in [Minnesota Statutes, sections 428A.11 to 428A.21](#), sunsets June 30, 2028.

What improvements can be made in an HIA?

Allowable improvements include improvements to the common elements in a condominium complex, townhome development, or manufactured home park, such as roofing, siding, landscaping, roadways, and walkways.

How is an HIA established?

At property owners' request. An HIA can only be established at the request (petition) of at least 50 percent of the owners of the housing units in the proposed area. If the petition is filed, then the city prepares an ordinance that:

- describes the area specifically;
- states the basis for imposing fees and the number of years the fees will be imposed;
- makes a finding that without the HIA, the proposed improvements could not be made; and
- specifies if the city, the EDA, or HRA will implement the ordinance.

In addition, the city must fully disclose the public expenditures and financing for the projects, and determine whether the association or the implementing agency will contract for the work.

Before adopting the ordinance, the city must hold a public hearing at which the proposed improvements, affected housing units, and the exempt units are listed. Potentially affected property owners may testify at the hearing. Prior to the adoption of the ordinance or at the hearing, an owner of property in the proposed HIA may file a written objection with the city clerk asserting that the property should not be included in the HIA or should not be subjected to the fee because the property will not benefit from the improvements. The city must make a determination regarding the exclusion of the property in the HIA within 60 days. Within 30 days after that determination is made, a property owner may appeal the city's decision to the district court.

The ordinance may be adopted within six months after the conclusion of the public hearing. If 45 percent or more of the affected residents file an objection, the HIA is not established.

How are the improvements financed?

The city may finance the housing improvements by:

- 1) advancing funds available to the city and then recovering the costs by charging the property owners fees; or
- 2) issuing bonds and then imposing fees to repay the bonds. The bonds are not included in the city's net debt and no election is required for their issuance.

After adopting the ordinance establishing an HIA, the city must separately adopt a resolution in order to impose a fee within the HIA. As with the process for establishing the HIA, the city must provide public notice and hold a public hearing on the proposed resolution. Within six months of the conclusion of the public hearing, the city may adopt the resolution to impose the fee.

Fees can be imposed on the basis of the tax capacity (value) of the housing unit, total square footage of the housing unit, or a method determined by the city and specified in the resolution. Before a city uses an alternative method to set fees, it must make a finding that the alternative basis is more fair and reasonable.

The city, HRA, or EDA may collect the fees in the same manner as provided for the collection of property taxes. The due dates, penalties, and interest applicable to property taxes apply to fees collected under this authority.

What plans or reports are required?

Before the city imposes and collects the fee, the condominium, townhome association, or manufactured home park must develop a long-term plan to maintain the complex. The plan must address operations, maintenance, and necessary capital improvements of the common elements. It must identify financing for the projects. The association must also submit its audited financial report to the city annually.

Are any other local units of government allowed to establish an HIA?

In 2014, the legislature passed a law authorizing the Ramsey County Housing and Redevelopment Authority to exercise housing improvement district powers. This is the same authority granted to the Dakota County Community Development Agency in 2013.



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