

2018 Minnesota Statutes

469.001 PURPOSES.

The purposes of sections [469.001](#) to [469.047](#) are:

(1) to provide a sufficient supply of adequate, safe, and sanitary dwellings in order to protect the health, safety, morals, and welfare of the citizens of this state;

(2) to clear and redevelop blighted areas;

(3) to perform those duties according to comprehensive plans;

(4) to remedy the shortage of housing for low and moderate income residents, and to redevelop blighted areas, in situations in which private enterprise would not act without government participation or subsidies; and

(5) in cities of the first class, to provide housing for persons of all incomes.

Public participation in activities intended to meet the purposes of sections [469.001](#) to [469.047](#) and the exercise of powers confined by sections [469.001](#) to [469.047](#) are public uses and purposes for which private property may be acquired and public money spent.

History:

[1987 c 291 s 1](#)

469.002 DEFINITIONS.

Subdivision 1. Generally.

In sections [469.001](#) to [469.047](#), the terms defined in this section have the meanings given to them herein, unless the context indicates a different meaning.

Subd. 2. Authority.

"Authority" means a housing and redevelopment authority created or authorized to be created by sections [469.001](#) to [469.047](#).

Subd. 3. City.

"City" means a home rule charter or statutory city.

Subd. 4. State public body.

"State public body" means any city, county, commission, district, authority, or other political subdivision or instrumentality of this state.

Subd. 5. Governing body.

"Governing body" means the council, board of trustees, or other body charged with governing any state public body.

Subd. 6.Mayor.

"Mayor" means the mayor of a city.

Subd. 7.Clerk.

"Clerk" means the clerk of a city or the officer of any other state public body charged with the duties customarily imposed on the clerk of a city.

Subd. 8.Area of operation.

"Area of operation" means, in the case of an authority created in and for a city, county, or group of counties, the area within the territorial boundaries of that city, county, or group of counties.

Subd. 9.Federal government.

"Federal government" includes the United States of America, the Department of Housing and Urban Development, or any other department, agency, or instrumentality of the United States of America.

Subd. 10.Federal legislation.

"Federal legislation" includes the United States Housing Act of 1937, United States Code, title 42, sections 1401 to 1440, as amended through December 31, 1998; the National Housing Act, United States Code, title 12, sections 1701 to 1750g, as amended through December 31, 1989; and any other legislation of the Congress of the United States relating to federal assistance for clearance or rehabilitation of substandard or blighted areas, land assembly, redevelopment projects, or housing.

Subd. 11.Blighted area.

"Blighted area" means any area with buildings or improvements which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light, and sanitary facilities, excessive land coverage, deleterious land use, or obsolete layout, or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community.

Subd. 12.Project.

"Project" means a housing project, a housing development project or a redevelopment project, or any combination of those projects. The term "project" also may be applied to all real and personal property, assets, cash, or other funds, held or used in connection with the development or operation of the project. The term "project" also includes an interest reduction program authorized by section [469.012, subdivision 7](#).

Subd. 13.Housing project.

"Housing project" means any work or undertaking to provide decent, safe, and sanitary dwellings for persons of low income and their families.

Such work or undertaking may include acquisition or provision of buildings, land, equipment, facilities, and other real or personal property for necessary, convenient, or

desirable appurtenances, streets, sewers, water service, utilities, site preparation, landscaping, administrative, community, health, recreational, welfare, or other purposes.

"Housing project" also includes the planning of the buildings and improvements, the acquisition of property, the demolition or removal of existing structures, the construction, reconstruction, alteration, and repair of the improvements and all other work in connection therewith.

Subd. 14.Redevlopment project.

"Redevlopment project" means any work or undertaking:

(1) to acquire blighted areas and other real property for the purpose of removing, preventing, or reducing blight, blighting factors, or the causes of blight;

(2) to clear any areas acquired and install, construct or reconstruct streets, utilities, and site improvements essential to the preparation of sites for uses in accordance with the redevelopment plan;

(3) to sell or lease land so acquired for uses in accordance with the redevelopment plan;

(4) to prepare a redevelopment plan, and to incur initiation, planning, survey and other administrative costs of a redevelopment project, and to prepare technical and financial plans and arrangements for buildings, structures, and improvements and all other work in connection therewith; or

(5) to conduct an urban renewal project. The term "urban renewal project" may include undertakings and activities for the elimination or for the prevention of the development or spread of slums or blighted or deteriorating areas and may involve any work or undertaking for that purpose constituting a redevelopment project or any rehabilitation or conservation work. For this purpose, "rehabilitation or conservation work" may include (i) carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements; (ii) acquisition of real property and demolition, removal, or rehabilitation of buildings and improvements thereon where necessary to eliminate unhealthful, unsanitary or unsafe conditions, lessen density, reduce traffic hazards, eliminate obsolete or other uses detrimental to the public welfare, or to otherwise remove or prevent the spread of blight or deterioration, to promote historic and architectural preservation, or to provide land for needed public facilities; (iii) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out the objectives of the urban renewal project; (iv) the disposition, for uses in accordance with the objectives of the urban renewal project, of any property or part thereof acquired in the area of the project; provided that the disposition shall be in the manner prescribed in sections [469.001](#) to [469.047](#) for the disposition of property in a redevelopment project area; (v) relocation within or outside the project area of structures that will be restored and maintained for architectural or historic purposes; (vi) restoration of acquired properties of historic or architectural value; and (vii) construction of foundations and platforms necessary for the provision of air rights sites.

The term "redevelopment project" also means a redevelopment project initiated as then provided by law and approved by the governing body of the city prior to July 1, 1951, as prescribed by Minnesota Statutes 1949, section [462.521](#).

Subd. 15.Housing development project.

"Housing development project" means any work or undertaking to provide housing for persons of moderate income and their families. This work or undertaking may include the planning of building and improvements, the acquisition of real property which may be needed immediately or in the future for housing purposes, the construction, reconstruction, alteration and repair of new or existing buildings and the provisions of all equipment, facilities and other real or personal property for necessary, convenient or desirable appurtenances, streets, sewers, water service, utilities, site preparation, landscaping, administrative, community health, recreation or welfare or other purposes.

Subd. 16.Redevlopment plan.

"Redevlopment plan" means a plan approved by the governing body, or by an agency designated by the governing body for the purpose of approving such plans or authorized by law to do so, of each city in which any of a redevelopment project is to be carried out, which plan provides an outline for the development or redevelopment of the area and is sufficiently complete (1) to indicate its relationship to definite local objectives as to appropriate land uses; and (2) to indicate general land uses and general standards of development or redevelopment.

Subd. 17.Persons of low income and their families.

"Persons of low income and their families" means persons or families who lack a sufficient income to enable them, without financial assistance, to live in decent, safe, and sanitary dwellings, without overcrowding.

Subd. 18.Persons of moderate income and their families.

"Persons of moderate income and their families" means persons and families whose income is not adequate to cause private enterprise to provide without governmental assistance a substantial supply of decent, safe, and sanitary housing at rents or prices within their financial means.

Subd. 19.Bonds.

"Bonds" means any bonds, including refunding bonds, notes, interim certificates, debentures, or other obligations issued by an authority pursuant to sections [469.001](#) to [469.047](#).

Subd. 20.Real property.

"Real property" includes all lands, together with improvements and fixtures thereon, and property of any nature appurtenant thereto, or used in connection therewith, and every estate, interest, and right, legal or equitable, therein, including terms for years.

Subd. 21.Obligee of the authority; obligee.

"Obligee of the authority" or "obligee" includes any bondholder, and the federal government when it is a party to any contract with the authority.

Subd. 22. General plan for the development of the locality as a whole.

"General plan for the development of the locality as a whole" means a plan adopted by a local planning agency or approved by the governing body of the city establishing general objectives for the future use of land in a locality, or if no such plan has been adopted or approved, the general land use proposals for the development of the locality established from time to time by the local planning agency or by the governing body of the city.

Subd. 23. Veterans.

"Veterans" has the meaning given in section [197.447](#), except as otherwise defined in a contract with the federal government providing for veterans' preferences, or as may be required by any federal law or regulation as a condition of federal financial assistance for a project.

Subd. 24. Section 8 program.

"Section 8 program" means an existing housing assistance payments program under Section 8 of the United States Housing Act of 1937, United States Code, title 42, section 1437f, as amended.

History:

[1987 c 291 s 2](#); [1990 c 532 s 2,3](#); [1992 c 376 art 3 s 1](#); [1999 c 243 art 5 s 37](#)

469.003 CITY HOUSING AND REDEVELOPMENT AUTHORITY.

Subdivision 1. Preliminary city findings and declaration.

There is created in each city in this state a public body, corporate and politic, to be known as the housing and redevelopment authority in and for that city. No such authority shall transact any business or exercise any powers until the governing body of the city shall, by resolution, find that in that city (1) substandard, slum, or blighted areas exist which cannot be redeveloped without government assistance, or (2) there is a shortage of decent, safe, and sanitary dwelling accommodations available to persons of low income and their families at rentals they can afford, and shall declare that there is need for a housing and redevelopment authority to function in that city. In determining whether dwelling accommodations are unsafe or unsanitary, or whether substandard, slum, or blighted areas exist, the governing body may consider the degree of deterioration, obsolescence, or overcrowding, the percentage of land coverage, the light, air, space, and access available to inhabitants of the dwelling accommodations, the size and arrangement of rooms, the sanitary facilities, the extent to which conditions exist in the buildings that endanger life or property by fire or other causes, and the original land planning, lot layout, and conditions of title in the area.

Subd. 2. Public hearing.

The governing body of a city shall consider such a resolution only after a public hearing is held on it after publication of notice in a newspaper of general circulation in the city at least once not less than ten days nor more than 30 days prior to the date of the hearing. Opportunity to be heard shall be granted to all residents of the city and to all other interested persons. The resolution shall be published in the same manner in which ordinances are published in the municipality.

Subd. 3. Conclusiveness of resolution.

When the resolution becomes finally effective, it shall be sufficient and conclusive for all purposes if it declares that there is need for an authority and finds in substantially the terms provided in subdivision 1 that the conditions therein described exist.

Subd. 4. Copy filed with commissioner of employment and economic development.

When the resolution becomes finally effective, the clerk of the city shall file a certified copy of it with the commissioner of employment and economic development. In any suit, action, or proceeding involving the validity or enforcement of or relating to any contract of an authority, the authority shall be conclusively deemed to have become established and authorized to transact business and exercise its powers upon that filing. Proof of the resolution and of that filing may be made in any such suit, action, or proceeding by a certificate of the commissioner of employment and economic development.

Subd. 5. Commissioners.

An authority shall consist of up to seven commissioners, who shall be residents of the area of operation of the authority, who shall be appointed after the resolution becomes finally effective. If any additional commissioners are appointed, one of the commissioners must be appointed in accordance with the requirements of Code of Federal Regulations, title 24, part 964.

Subd. 6. Appointment; approval; term; vacancy.

The commissioners shall be appointed by the mayor, with the approval of the governing body. Those initially appointed shall be appointed for terms of one, two, three, four, and five years, respectively. Thereafter all commissioners shall be appointed for five-year terms. Each vacancy in an unexpired term shall be filled for the remainder of the term for which the original appointment was made. Any member of the governing body of a city may be appointed and may serve as a commissioner of the authority for the city. The council of any city which appoints members of the city council as commissioners may set the terms of office of a commissioner to coincide with the commissioner's term of office as a council member.

Subd. 7. Certificate of appointment; filing.

Commissioners shall hold office until their successors have been appointed and qualified. A certificate of appointment of each commissioner shall be filed with the clerk and a certified copy shall be transmitted to the commissioner of employment and economic development. A certificate so filed shall be conclusive evidence of appointment.

History:

[1986 c 444](#); [1987 c 291 s 3](#); [1987 c 312 art 1 s 26](#) subd 2; [2000 c 455 art 2 s 2](#); [1Sp2003 c 4 s 1](#)

469.004 COUNTY AND MULTICOUNTY AUTHORITIES.**Subdivision 1.Preliminary county findings and declaration.**

There is created in each county in this state other than those counties in which a county housing authority has been created by special act, a public body, corporate and politic, to be known as the housing and redevelopment authority of that county, hereinafter referred to as "county authority." No county authority shall transact any business or exercise any powers until the governing body of the county, by resolution, finds that there is need for a county authority to function in the county. The governing body shall consider the need for a county authority to function (1) on the governing body's own motion or (2) upon the filing of a petition signed by 25 qualified voters of the county asserting that there is need for a county authority to function in the county and requesting that the governing body so declare. The governing body shall adopt a resolution declaring that there is need for a county authority to function in the county if it makes the findings required in section [469.003, subdivision 1](#).

Subd. 1a.Ramsey County authority.

Ramsey County may exercise the powers of a housing and redevelopment authority. Before the commencement of a project by Ramsey County acting as a housing and redevelopment authority, the governing body of the municipality in which the project is to be located shall, by majority vote, approve the project as recommended by the authority. A resolution of the county board may provide that the board will constitute the county housing and redevelopment authority.

Subd. 2.Multicounty authorities.

If the governing body of each of two or more cities or counties, or combinations of cities and counties, hereinafter referred to as "political subdivisions," by resolution declares that there is a need for one housing and redevelopment authority to exercise in those political subdivisions the powers and other functions prescribed for a multicounty housing and redevelopment authority, a public body corporate and politic to be known as a multicounty housing and redevelopment authority shall exist for all of those political subdivisions. That authority shall exercise its powers and other functions in those political subdivisions in lieu of the authority for each such political subdivision.

Subd. 3.Findings.

The governing body shall make that declaration if it finds (1) that substandard, slum, or deteriorated areas exist in the political subdivision which cannot be redeveloped without government assistance, or there is a shortage of decent, safe and sanitary dwelling accommodations available to persons of low income at rentals or prices they can afford, and (2) that a multicounty authority would be a more effective, efficient or economical

administrative unit than the housing and redevelopment authority of the political subdivision to carry out the purposes of sections [469.001](#) to [469.047](#), in the political subdivision.

In determining whether dwelling accommodations are unsafe or unsanitary a governing body may take into consideration the factors provided in section [469.003](#).

Subd. 4.Sufficiency and conclusiveness of resolution.

When the resolution becomes finally effective, it shall be deemed sufficient and conclusive for all purposes if it declares that there is need for a county or multicounty authority and finds in substantially the terms provided in subdivision 3 that the conditions therein described exist.

Subd. 5.Function of authority.

A county or multicounty housing authority will serve, program, develop, and manage all housing programs under its jurisdiction. Where a county or multicounty authority has been established, additional city housing and redevelopment authorities shall not be created within the area of operation of the county or multicounty authority without the explicit concurrence of the county or multicounty housing and redevelopment authority and the commissioner of employment and economic development. City housing and redevelopment authorities must petition the county or multicounty authority for authorization to establish a local housing authority and this petition must be approved by the commissioner of employment and economic development. This subdivision does not apply if a county or multicounty authority has not initiated or does not have in progress an active program or has not applied for a public housing, Section 8, or redevelopment program from the federal government for a period of 12 months after its establishment.

Subd. 6.Copy filed with commissioner of employment and economic development.

When the resolution becomes finally effective, the clerk of the political subdivision shall file a certified copy with the commissioner of employment and economic development. The provisions of section [469.003, subdivision 4](#), regarding establishment of authorities apply to filings under this subdivision.

History:

[1987 c 291 s 4](#); [1987 c 312 art 1 s 26](#) subd 2; [1987 c 384 art 3 s 31](#); [1990 c 532 s 4](#); [1992 c 511 art 9 s 16,17](#); [1994 c 587 art 9 s 2](#); [1Sp2003 c 4 s 1](#)

469.005 AREA OF OPERATION.

Subdivision 1.County and multicounty authorities.

The area of operation of a county authority shall include all of the county for which it is created, and in case of a multicounty authority, it shall include all of the political subdivisions for which the multicounty authority is created; provided, that a county authority or a multicounty authority shall not undertake any project within the boundaries of any city which has not empowered the authority to function therein as provided in

section [469.004](#) unless a resolution has been adopted by the governing body of the city declaring that there is a need for the county or multicounty authority to exercise its powers in the city. A resolution is not required for the operation of a Section 8 program or a public housing scattered site project.

Subd. 2. Multicounty authorities; increase or decrease.

The area of operation of a multicounty authority shall be increased to include one or more additional political subdivisions not already within a multicounty authority if the governing body of the additional political subdivision makes the findings required by section [469.004](#) and if the political subdivisions then included in the area of operation of the multicounty authority and the commissioners of the multicounty authority adopt a resolution declaring that the multicounty authority would be a more effective, efficient or economical administrative unit to carry out the purposes of sections [469.001](#) to [469.047](#) if the area of operation of the multicounty authority were increased to include the additional political subdivision.

The area of operation of a multicounty authority may be decreased to exclude one or more political subdivisions from the area if the governing body of each of the political subdivisions in the area and the commissioners of the multicounty authority each adopt a resolution declaring that there is a need for excluding the political subdivision from the area. No such action may be taken if the multicounty authority has outstanding any bonds involving a housing project in the political subdivision to be excluded unless all holders of the bonds consent in writing to the action. If the action decreases the area of operation of the multicounty authority to only one political subdivision, the authority shall become a housing and redevelopment authority for that county or city in the same manner as though the authority were initially created by and authorized to exercise its powers in that county or city, and the commissioners of that authority shall be appointed as provided for the appointment of commissioners of a housing and redevelopment authority created for a county or a city.

The governing body of each of the political subdivisions in the area of operation of the multicounty authority and the commissioners of the multicounty authority shall adopt a resolution declaring that there is a need for excluding a political subdivision from the area if:

(1) each governing body of the political subdivisions to remain in the area of operation of the multicounty authority and the commissioners of the multicounty authority find that, because of facts arising or determined subsequent to the time when the area first included the political subdivision to be excluded, the multicounty authority would be a more effective, efficient or economical administrative unit for the purposes of sections [469.001](#) to [469.047](#) if the political subdivision were excluded from the area; and

(2) the governing body of the political subdivision to be excluded and the commissioners of the multicounty authority each find that, because of those changed facts, the purposes of sections [469.001](#) to [469.047](#) could be carried out more efficiently or economically in the political subdivision if the area of operation of the multicounty authority did not include the political subdivision.

Subd. 3. Public hearing; notice; publication; resolution.

The governing body of a political subdivision shall not adopt any resolution authorized by this section and section [469.004](#) unless a public hearing has been held. The clerk of the political subdivision shall give notice of the time, place, and purpose of the public hearing not less than ten days nor more than 30 days prior to the day on which the hearing is to be held, in a manner appropriate to inform the public. Upon the date fixed for the public hearing, an opportunity to be heard shall be granted to all residents of the political subdivision and to all other interested persons.

Subd. 4. Continuation of active city authorities.

Active city authorities established on or before June 30, 1971, will continue to function and operate under the provisions of sections [469.001](#) to [469.047](#). An "active city authority" means an authority that (1) has been legally formulated and a resolution for which has been filed with the commissioner of employment and economic development and (2) has an active program or proof of an application for a public housing or redevelopment program received by the federal government on or before June 30, 1971.

History:

[1987 c 291 s 5](#); [1987 c 312 art 1 s 26](#) subd 2; [1990 c 532 s 5](#); [1990 c 612 s 8](#); [1993 c 320 s 1](#); [2004 c 206 s 52](#); [2009 c 88 art 6 s 13](#)

469.006 APPOINTMENT, QUALIFICATIONS, TENURE OF COMMISSIONERS.

Subdivision 1. County commissioners.

When the governing body of a county adopts a resolution under section [469.004](#), the governing body shall appoint five persons or the number of commissioners for the governing body, plus up to two additional commissioners, as commissioners of the county authority. If any additional commissioners are appointed, one of the commissioners must be appointed in accordance with the requirements of Code of Federal Regulations, title 24, part 964. The membership of the commission will reflect an areawide distribution on a representative basis. The commissioners who are first appointed shall be designated to serve for terms of one, two, three, four, and five years respectively, from the date of their appointment. Thereafter commissioners shall be appointed for a term of office of five years except that all vacancies shall be filled for the unexpired term. Persons may be appointed as commissioners if they reside within the boundaries or area, and are otherwise eligible for the appointments under sections [469.001](#) to [469.047](#).

Subd. 2. Multicounty commissioners.

The governing body in the case of a county, and the mayor with the approval of the governing body in the case of a city, of each political subdivision included in a multicounty authority shall appoint one person as a commissioner of the authority at or after the time of the adoption of the resolution establishing the authority.

In the case of a multicounty authority comprising only two or three political subdivisions, the appointing authorities of the participating political subdivisions shall each

appoint one additional commissioner whose term of office shall be as provided for a commissioner of a multicounty authority. If any additional commissioners are appointed, one of the commissioners must be appointed in accordance with the requirements of Code of Federal Regulations, title 24, part 964.

In the case of a multicounty authority comprising more than three political subdivisions, the appointing authorities of the participating political subdivisions may each appoint one additional commissioner whose term of office shall be as provided for a commissioner of a multicounty authority. The housing and redevelopment authority board of commissioners of a multicounty authority may appoint one or two additional commissioners in order to comply with the requirements of Code of Federal Regulations, title 24, part 964. The appointment must be approved by a majority of the commissioners of each of the political subdivisions comprising the multicounty authority.

When the area of operation of a multicounty authority is increased to include an additional political subdivision, the appointing authority of each additional political subdivision shall appoint one or, if appropriate, two commissioners of the multicounty authority.

The appointing authority of each political subdivision shall appoint the successors of the commissioner appointed by it. The commissioners of a multicounty authority shall be appointed for terms of five years except that all vacancies shall be filled for the unexpired terms.

Subd. 3.Certificates of appointment.

A certified copy of the certificate of appointment of each commissioner shall be filed with the commissioner of employment and economic development.

History:

[1987 c 291 s 6](#); [1987 c 312 art 1 s 26](#) subd 2; [1991 c 33 s 1](#); [1994 c 614 s 7](#); [2000 c 455 art 2 s 3,4](#); [1Sp2003 c 4 s 1](#)

469.007 POWERS OF COUNTY AND MULTICOUNTY AUTHORITIES.

Subdivision 1.Powers.

A county or multicounty authority and its commissioners shall, within the area of operation of the authority, have the same functions, rights, powers, duties, privileges, immunities, and limitations as are provided for housing and redevelopment authorities created for cities, and for the commissioners of those authorities. The provisions of law applicable to housing and redevelopment authorities created for cities and their commissioners shall be applicable to county and multicounty authorities and their commissioners, except as clearly indicated otherwise.

Subd. 2.Powers as to housing development projects.

When a county or multicounty authority undertakes any housing project or housing development project involving the acquisition of multifamily housing rental properties that (1) were financed under the federal Section 8 or Section 236 programs, or (2) are designed to be affordable to persons or families with incomes not greater than 80 percent of median income for the metropolitan statistical area or nonmetropolitan county, and are located within any city or town, the authority shall notify the governing body of the city or town in writing of the location of the housing project or housing development project. If the governing body fails to take action on a housing project or housing development project in a writing which sets forth its reasons for the action within 30 days, the governing body is considered to have approved the location of the housing project or housing development project for purposes of any special or general law requiring local approval of the location of housing projects and housing development projects undertaken by county or multicounty authorities.

History:

[1987 c 291 s 7](#); [1989 c 328 art 3 s 4](#)

69.008 EFFECT UPON CITY HOUSING AND REDEVELOPMENT AUTHORITIES.

Nothing in sections [469.004](#) to [469.008](#) shall alter or impair the powers and obligations of city housing and redevelopment authorities created under Minnesota Statutes 1969, chapter 462, prior to June 8, 1971, nor shall the area of operation of such city authority be included within the area of operation of a county or multicounty authority created pursuant to sections [469.004](#) to [469.008](#). With the consent of the board of commissioners of a city authority and the governing body of the city, a city authority may become a part of a county or multicounty authority upon assumption by the authority of the obligations of the city authority.

History:

[1987 c 291 s 8](#)

469.009 CONFLICT OF INTEREST; PENALTIES FOR FAILURE TO DISCLOSE.

Subdivision 1. Disclosure.

Before taking an action or making a decision which could substantially affect the commissioner's or an employee's financial interests or those of an organization with which the commissioner or an employee is associated, a commissioner or employee of an authority shall (1) prepare a written statement describing the matter requiring action or decision and the nature of the potential conflict of interest and (2) submit the statement to the commissioners of the authority. The disclosure shall be entered upon the minutes of the authority at its next meeting. The disclosure statement must be submitted no later than one week after the employee or commissioner becomes aware of the potential conflict of interest. However, no disclosure statement is required if the effect on the commissioner or employee of the decision or act will be no greater than on other members of the business, profession or occupation or if the effect on the organization with which the commissioner or employee is

affiliated is indirect, remote, and insubstantial. A potential conflict of interest is present if the commissioner or employee knows or has reason to know that the organization with which the commissioner or employee is affiliated is or is reasonably likely to become a participant in a project or development which will be affected by the action or decision. Any individual who knowingly fails to submit a statement required by this subdivision or submits a statement which the individual knows contains false information or omits required information is guilty of a gross misdemeanor.

Subd. 2.Effect of disclosure.

If an employee has a potential conflict of interest, the employee's superior shall immediately assign the matter to another employee who does not have a potential conflict of interest. A commissioner who has a potential conflict of interest shall not attempt to influence an employee in any matter related to the action or decision in question, shall not take part in the action or decision, and shall not be counted toward a quorum during the portion of any meeting of the authority in which the action or decision is to be considered. Any individual who knowingly violates this subdivision is guilty of a gross misdemeanor.

Subd. 3.Conflicts forbidden.

A commissioner or employee of an authority who knowingly takes part in any manner in making any sale, lease, or contract in the commissioner's or employee's official capacity in which the commissioner or employee has a personal financial interest is guilty of a gross misdemeanor.

Subd. 4.Agent or attorney.

For one year after termination of a position as a commissioner or employee of an authority, no former commissioner or former employee of an authority shall appear personally before any court or governmental department or agency as agent or attorney for anyone other than the authority in connection with any proceeding, application, request for ruling or other determination, contract, claim, controversy, charge, accusation, arrest, or other particular matter in which the authority is substantially interested, and with respect to which the commissioner or employee took any action or made any decision as a commissioner or employee of the authority at any time within a period of one year prior to the termination of that position.

Subd. 5.Limitations.

With respect to each program established by the authority to provide financial assistance or financing for real property other than rental assistance programs, an employee or commissioner may receive such financial assistance or financing not more than once.

Subd. 6.Injunction.

The county attorney may seek an injunction in the district court to enforce the provisions of this section.

History:

[1987 c 291 s 9](#)

469.010 REMOVAL; HEARING; NOTICE.

For inefficiency or neglect of duty, or misconduct in office, a commissioner may be removed by the governing body of the municipality. The commissioner must be given a copy of the charges at least ten days prior to a hearing at which the commissioner has an opportunity to be heard in person or by counsel. When charges in writing have been preferred against a commissioner, pending final action thereon the governing body may temporarily suspend the commissioner. If it is found that those charges have not been substantiated, the commissioner shall immediately be reinstated in office. When any commissioner is removed, a record of the proceedings, together with the charges and findings thereon, shall be filed in the office of the clerk.

History:

[1987 c 291 s 10](#)

469.011 AUTHORITY OPERATIONS.

Subdivision 1. Powers in commissioners; quorum.

The powers of each authority shall be vested in its commissioners in office at any time; a majority of whom shall constitute a quorum for all purposes.

Subd. 2. Officers; bylaws.

Each authority shall select a chair and a secretary from among its commissioners and shall adopt bylaws and other rules for the conduct of its affairs that it deems appropriate.

Subd. 3. Meetings.

The regular meetings of an authority shall be held in a fixed place, except that meetings of a multicounty authority may be held anywhere within the boundaries of the area of operation of the authority or within any additional area where the authority is authorized to undertake a project, and shall be open to the public.

Subd. 4. Expenses; compensation.

Each commissioner may receive necessary expenses, including traveling expenses, incurred in the performance of duties. Each commissioner may be paid up to \$75 for attending each regular and special meeting of the authority. Commissioners who are full-time state employees or full-time employees of the political subdivisions of the state may not receive the daily payment, but they may suffer no loss in compensation or benefits from the state or a political subdivision as a result of their service on the board. Commissioners who are elected officials may receive the daily payment for a particular day only if they do not receive any other daily payment for public service on that day. Commissioners who are full-time state employees or full-time employees of the political subdivisions of the state may receive the expenses provided for in this subdivision unless the expenses are reimbursed by another source.

History:

[1987 c 291 s 11](#); [1992 c 376 art 3 s 2](#); [1993 c 369 s 144](#); [2000 c 455 art 2 s 5](#)

469.011 AUTHORITY OPERATIONS.

Subdivision 1. Powers in commissioners; quorum.

The powers of each authority shall be vested in its commissioners in office at any time; a majority of whom shall constitute a quorum for all purposes.

Subd. 2. Officers; bylaws.

Each authority shall select a chair and a secretary from among its commissioners and shall adopt bylaws and other rules for the conduct of its affairs that it deems appropriate.

Subd. 3. Meetings.

The regular meetings of an authority shall be held in a fixed place, except that meetings of a multicounty authority may be held anywhere within the boundaries of the area of operation of the authority or within any additional area where the authority is authorized to undertake a project, and shall be open to the public.

Subd. 4. Expenses; compensation.

Each commissioner may receive necessary expenses, including traveling expenses, incurred in the performance of duties. Each commissioner may be paid up to \$75 for attending each regular and special meeting of the authority. Commissioners who are full-time state employees or full-time employees of the political subdivisions of the state may not receive the daily payment, but they may suffer no loss in compensation or benefits from the state or a political subdivision as a result of their service on the board. Commissioners who are elected officials may receive the daily payment for a particular day only if they do not receive any other daily payment for public service on that day. Commissioners who are full-time state employees or full-time employees of the political subdivisions of the state may receive the expenses provided for in this subdivision unless the expenses are reimbursed by another source.

History:

[1987 c 291 s 11](#); [1992 c 376 art 3 s 2](#); [1993 c 369 s 144](#); [2000 c 455 art 2 s 5](#)

469.012 PUBLIC BODY; POWERS, DUTIES, PROGRAMS; TAXES LIMITED.

Subdivision 1.

MS 2002 [Renumbered subdivisions 1 to 2j]

Subdivision 1. All-purpose, other powers here.

(a) An authority shall be a public body corporate and politic and shall have all the powers necessary or convenient to carry out the purposes of sections [469.001](#) to [469.047](#),

except that the power to levy and collect taxes or special assessments is limited to the power provided in sections [469.027](#) to [469.033](#).

(b) Its powers include the powers in subdivisions 1a through 2j, in addition to others granted in sections [469.001](#) to [469.047](#).

Subd. 1a.Lawsuits, seal, perpetual succession, rules.

An authority may:

- (1) sue and be sued;
- (2) have a seal, which shall be judicially noticed, and may alter it;
- (3) have perpetual succession; and
- (4) make, amend, and repeal rules consistent with sections [469.001](#) to [469.047](#).

Subd. 1b.Director, other staff; legal services; available public services.

An authority may employ an executive director, technical experts, and officers, agents, and employees, permanent and temporary, that it requires, and determine their qualifications, duties, and compensation; for legal services it requires, call upon the chief law officer of the city or employ its own counsel and legal staff; and, so far as practicable, use the services of local public bodies in its area of operation, provided that those local public bodies, if requested, shall make the services available.

Subd. 1c.Delegation.

An authority may delegate to one or more of its agents or employees the powers or duties it deems proper.

Subd. 1d.Projects.

An authority may, within its area of operation, undertake, prepare, carry out, and operate projects and provide for the construction, reconstruction, improvement, extension, alteration, or repair of any project or part thereof.

Subd. 1e.Property, contracts, other instruments.

An authority may, subject to the provisions of section [469.026](#), give, sell, transfer, convey, or otherwise dispose of real or personal property or any interest therein and execute leases, deeds, conveyances, negotiable instruments, purchase agreements, and other contracts or instruments.

Subd. 1f.Necessary or convenient action.

An authority may take action that is necessary or convenient to carry out the purposes of these sections.

Subd. 1g.Get property; eminent domain.

(a) An authority may, within its area of operation, acquire real or personal property or any interest therein by gifts, grant, purchase, exchange, lease, transfer, bequest, devise, or

otherwise, and by the exercise of the power of eminent domain, in the manner provided by chapter 117, acquire real property which it may deem necessary for its purposes, after the adoption by it of a resolution declaring that the acquisition of the real property is necessary:

(1) to eliminate one or more of the conditions found to exist in the resolution adopted pursuant to section [469.003](#) or to provide decent, safe, and sanitary housing for persons of low and moderate income; or

(2) to carry out a redevelopment project.

(b) Real property needed or convenient for a project may be acquired by the authority for the project by condemnation pursuant to this section.

(c) Prior to adoption of a resolution authorizing acquisition of property by condemnation, the governing body of the authority must hold a public hearing on the proposed acquisition after published notice in a newspaper of general circulation in the municipality, which must be made at least one time not less than ten days nor more than 30 days prior to the date of the hearing. The notice must reasonably describe the property to be acquired and state that the purpose of the hearing is to consider acquisition by exercise of the authority's powers of eminent domain. Not less than ten days before the hearing, notice of the hearing must also be mailed to the owner of each parcel proposed to be acquired, but failure to give mailed notice or any defects in the notice does not invalidate the acquisition. For the purpose of giving mailed notice, owners are determined in accordance with section [429.031, subdivision 1](#), paragraph (a).

(d) Property acquired by condemnation under this section may include any property devoted to a public use, whether or not held in trust, notwithstanding that the property may have been previously acquired by condemnation or is owned by a public utility corporation, because the public use in conformity with the provisions of sections [469.001](#) to [469.047](#) shall be deemed a superior public use. Property devoted to a public use may be so acquired only if the governing body of the municipality has approved its acquisition by the authority.

(e) An award of compensation shall not be increased by reason of any increase in the value of the real property caused by the assembly, clearance or reconstruction, or proposed assembly, clearance or reconstruction for the purposes of sections [469.001](#) to [469.047](#) of the real property in an area.

Subd. 1h.Redevlopment.

(a) An authority may, within its area of operation, and without the adoption of an urban renewal plan, acquire, by all means as set forth in subdivision 1g but without the adoption of a resolution provided for in subdivision 1g, real property, and demolish, remove, rehabilitate, or reconstruct the buildings and improvements or construct new buildings and improvements thereon, or so provide through other means as set forth in Laws 1974, chapter 228, or grade, fill, and construct foundations or otherwise prepare the site for improvements.

(b) The authority may dispose of the property pursuant to section [469.029](#), provided that the provisions of section [469.029](#) requiring conformance to an urban renewal plan shall not apply.

(c) The authority may finance these activities by means of the redevelopment project fund or by means of tax increments or tax increment bonds or by the methods of financing provided for in section [469.033](#) or by means of contributions from the municipality provided for in section [469.041](#), clause (9), or by any combination of those means.

(d) Real property with buildings or improvements thereon shall only be acquired under this subdivision when the buildings or improvements are substandard.

(e) The exercise of the power of eminent domain under this subdivision shall be limited to real property which contains, or has contained within the three years immediately preceding the exercise of the power of eminent domain and is currently vacant, buildings and improvements which are vacated and substandard. Notwithstanding the prior sentence, in cities of the first class the exercise of the power of eminent domain under this subdivision shall be limited to real property which contains, or has contained within the three years immediately preceding the exercise of the power of eminent domain, buildings and improvements which are substandard.

(f) For the purpose of this subdivision, substandard buildings or improvements mean hazardous buildings as defined in section [463.15, subdivision 3](#), or buildings or improvements that are dilapidated or obsolescent, faultily designed, lack adequate ventilation, light, or sanitary facilities, or any combination of these or other factors that are detrimental to the safety or health of the community.

(g) The exercise of the power of eminent domain under this subdivision is subject to the notice and hearing requirements described in subdivision 1g.

Subd. 1i.Set, use income levels.

An authority may, within its area of operation, determine the level of income constituting low or moderate family income. The authority may establish various income levels for various family sizes. In making its determination, the authority may consider income levels that may be established by the Department of Housing and Urban Development or a similar or successor federal agency for the purpose of federal loan guarantees or subsidies for persons of low or moderate income. The authority may use that determination as a basis for the maximum amount of income for admissions to housing development projects or housing projects owned or operated by it.

Subd. 1j.Relocation aid.

An authority may provide in federally assisted projects any relocation payments and assistance necessary to comply with the requirements of the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and any amendments or supplements thereto.

Subd. 1k.Property tax exemption; equitable local cooperation.

(a) An authority may make an agreement with the governing body or bodies creating the authority which provides exemption from all ad valorem real and personal property taxes levied or imposed by the body or bodies creating the authority. In the case of low-rent public housing that received financial assistance under the United States Housing Act of 1937, or

successor federal legislation, an authority may make an agreement with the governing body or bodies creating the authority to provide exemption from all real and personal property taxes levied or imposed by the state, city, county, or other political subdivision, for which the authority shall make payments in lieu of taxes to the state, city, county, or other political subdivisions as provided in section [469.040](#).

(b) The governing body shall agree on behalf of all the applicable governing bodies affected that local cooperation as required by the federal government shall be provided by the local governing body or bodies in whose jurisdiction the project is to be located, at no cost or at no greater cost than the same public services and facilities furnished to other residents.

Subd. 1l.Cooperate, be agent; take over federal project.

An authority may cooperate with or act as agent for the federal government, the state or any state public body, or any agency or instrumentality of the foregoing, in carrying out any of the provisions of sections [469.001](#) to [469.047](#) or of any other related federal, state, or local legislation, and upon the consent of the governing body of the city purchase, lease, manage, or otherwise take over any housing project already owned and operated by the federal government.

Subd. 1m.Plans for rehabilitation, law enforcement.

An authority may make plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements and plans for the enforcement of laws, codes, and regulations relating to:

- (1) the use of land and the use and occupancy of buildings and improvements, and
- (2) the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements.

Subd. 1n.Activities to get rid of slums, blight.

The authority may develop, test, and report methods and techniques, and carry out demonstrations and other activities for the prevention and elimination of slums and blight.

Subd. 1o.Loans; assistance.

An authority may borrow money or other property and accept contributions, grants, gifts, services, or other assistance from the federal government, the state government, state public bodies, or from any other public or private sources.

Subd. 1p.Conditions by, default to, U.S.; reconveyance.

An authority may:

- (1) include in any contract for financial assistance with the federal government any conditions that the federal government may attach to its financial aid of a project, not inconsistent with purposes of sections [469.001](#) to [469.047](#), including obligating itself (which obligation shall be specifically enforceable and not constitute a mortgage, notwithstanding any other laws) to convey to the federal government the project to which the contract relates

upon the occurrence of a substantial default with respect to the covenants or conditions to which the authority is subject; and

(2) provide in the contract that, in case of such conveyance, the federal government may complete, operate, manage, lease, convey, or otherwise deal with the project until the defaults are cured if the federal government agrees in the contract to reconvey to the authority the project as then constituted when the defaults have been cured.

Subd. 1q. Issue bonds; give security.

An authority may issue bonds for any of its corporate purposes and to secure the bonds by mortgages upon property held or to be held by it or by pledge of its revenues, including grants or contributions.

Subd. 1r. Invest idle money.

An authority may invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control or in the manner and subject to the conditions provided in section [118A.04](#) for the deposit and investment of public funds.

Subd. 1s. Identify blight, bad housing.

An authority may, within its area of operation, determine where blight exists or where there is unsafe, unsanitary, or overcrowded housing.

Subd. 1t. Needs assessment.

(a) An authority may:

(1) carry out studies of the housing and redevelopment needs within its area of operation and of the meeting of those needs; and

(2) make the results of those studies and analyses available to the public and to building, housing, and supply industries.

(b) Studies under paragraph (a) include the study of data on population and family groups and their distribution according to income groups, the amount and quality of available housing and its distribution according to rentals and sales prices, employment, wages, desirable patterns for land use and community growth, and other factors affecting the local housing and redevelopment needs and the meeting of those needs.

Subd. 1u. Plan if no local plan.

An authority may, if a local public body does not have a planning agency or the planning agency has not produced a comprehensive or general community development plan, make or cause to be made a plan to be used as a guide in the more detailed planning of housing and redevelopment areas.

Subd. 1v. Lease; set rent.

An authority may lease or rent any dwellings, accommodations, lands, buildings, structures, or facilities included in any project and, subject to the limitations contained in

sections [469.001](#) to [469.047](#) with respect to the rental of dwellings in housing projects, to establish and revise the rents or charges therefor.

Subd. 1w. Have, fix, get rid of property.

An authority may:

- (1) own, hold, and improve real or personal property, and
- (2) sell, lease, exchange, transfer, assign, pledge, or dispose of any real or personal property or any interest therein.

Subd. 1x. Insurance.

An authority may insure or provide for the insurance of any real or personal property or operations of the authority against any risks or hazards.

Subd. 1y.

[Reserved]

Subd. 1z.

[Reserved]

Subd. 2. Government insurance, guarantees for bonds.

An authority may procure or agree to the procurement of government insurance or guarantees of the payment of any bonds or parts thereof issued by an authority and to pay premiums on the insurance.

Subd. 2a. Necessary spending.

An authority may make expenditures necessary to carry out the purposes of sections [469.001](#) to [469.047](#).

Subd. 2b. Relocation help to displaced.

An authority may enter into an agreement or agreements with any state public body to provide informational service and relocation assistance to families, individuals, business concerns, and nonprofit organizations displaced or to be displaced by the activities of any state public body.

Subd. 2c. Catalogs; disposable property.

An authority may:

- (1) compile and maintain a catalog of all vacant, open and undeveloped land, or land which contains substandard buildings and improvements as that term is defined in subdivision 1g, that is owned or controlled by the authority or by the governing body within its area of operation; and
- (2) compile and maintain a catalog of all authority owned real property that is in excess of the foreseeable needs of the authority,

in order to determine and recommend if the real property compiled in either catalog is appropriate for disposal pursuant to the provisions of section [469.029, subdivisions 9](#) and 10.

Subd. 2d. Comment on code enforcement.

An authority may recommend to the city concerning the enforcement of the applicable health, housing, building, fire prevention, and housing maintenance code requirements as they relate to residential dwelling structures that are being rehabilitated by low- or moderate-income persons pursuant to section [469.029, subdivision 9](#), for the period of time necessary to complete the rehabilitation, as determined by the authority.

Subd. 2e. Suggest use of city powers on bad buildings.

An authority may recommend to the city the initiation of municipal powers, against certain real properties, relating to repair, closing, condemnation, or demolition of unsafe, unsanitary, hazardous, and unfit buildings, as provided in section [469.041](#), clause (5).

Subd. 2f. Sale of loan security.

An authority may sell, at private or public sale, at the price or prices determined by the authority, any note, mortgage, lease, sublease, lease purchase, or other instrument or obligation evidencing or securing a loan made for the purpose of economic development, job creation, redevelopment, or community revitalization by a public agency to a business, for-profit or nonprofit organization, or an individual.

Subd. 2g. Acquire and sell subsidized affordable housing.

An authority may, within its area of operation, acquire and sell real property that is benefited by federal housing assistance payments, other rental subsidies, interest reduction payments, or interest reduction contracts for the purpose of preserving the affordability of low- and moderate-income multifamily housing.

Subd. 2h. Section 8 programs.

(a) An authority may apply for, enter into contracts with the federal government, administer, and carry out a Section 8 program.

(b) Authorization by the governing body creating the authority to administer the program at the authority's initial application is sufficient to authorize operation of the program in its area of operation for which it was created without additional local governing body approval.

(c) Approval by the governing body or bodies creating the authority constitutes approval of a housing program for purposes of any special or general law requiring local approval of Section 8 programs undertaken by city, county, or multicounty authorities.

Subd. 2i. Receivers, assignment of rent as security.

An authority may secure a mortgage or loan for a rental housing project by obtaining the appointment of receivers or assignments of rents and profits under sections [559.17](#) and [576.25, subdivision 5](#), except that the limitation relating to the minimum amounts of the original principal balances of mortgages specified in sections [559.17](#),

[subdivision 2](#), clause (2); and [576.25, subdivision 5](#), paragraph (a), clause (1), does not apply.

Subd. 2j. May be in LLP, LLC, or corporation; bound as if HRA.

An authority may become a member or shareholder in and enter into or form limited partnerships, limited liability companies, or corporations for the purpose of developing, constructing, rehabilitating, managing, supporting, or preserving housing projects and housing development projects, including low-income housing tax credit projects. These limited partnerships, limited liability companies, or corporations are subject to all of the provisions of sections [469.001](#) to [469.047](#) and other laws that apply to housing and redevelopment authorities, as if the limited partnership, limited liability company, or corporation were a housing and redevelopment authority.

Subd. 3. Exercise of HRA powers.

(a) An authority may exercise all or any part or combination of the powers granted by sections [469.001](#) to [469.047](#) within its area of operation.

(b) Any two or more authorities may join with one another in the exercise, either jointly or otherwise, of any or all of their powers for the purpose of financing, including the issuance of bonds and giving security therefor, planning, undertaking, owning, constructing, operating, or contracting with respect to a housing project located within the area of operation of any one or more of the authorities. For this purpose an authority may by resolution prescribe and authorize any other housing authority, so joining with it, to act on its behalf with respect to any or all powers, as its agent or otherwise, in the name of the authority so joining or in its own name.

(c) A city, county, or multicounty authority may by resolution authorize another housing authority to exercise its powers within the authorizing authority's area of operation at the same time that the authorizing authority is exercising the same powers.

(d) A county or city may join with any authority to permit the authority, on behalf of the county, town within the county, or city, to plan, undertake, administer, and carry out a leased existing housing assistance payments program, pursuant to Section 8 of the United States Housing Act of 1937 as amended, 42 United States Code, section 1437f.

(e) A city may so join with an authority unless there is an authority in the city which has been authorized by resolution under section [469.003](#) to transact business or exercise powers.

(f) A county may so join with an authority unless:

(1) there is a county authority which has been authorized by resolution under section [469.004](#) to exercise powers, or the county is a member of a multicounty authority, and

(2) the authority has initiated or has in progress an active program or has applied for federal assistance in a public housing, Section 8, or redevelopment program within 12 months after its establishment.

(g) Notwithstanding the other provisions of this subdivision, an authority administering and carrying out a leased existing housing assistance payments program, under Section 8 of the United States Housing Act of 1937, United States Code, title 42, section 1437f, as amended, may administer the leased existing housing assistance payments program under the statutory and regulatory portability provisions of the federal Section 8 existing housing assistance payments program, United States Code, title 42, section 1437f(r), as amended.

Subd. 4. Subject to laws of locality.

All projects shall be subject to the planning, zoning, sanitary, and building laws, ordinances, and regulations applicable to the locality in which the project is situated.

Subd. 4a. Veterans' preferences.

An authority may include in any contract with the federal government provision for veterans' and service persons' preferences that may be required by any federal law or regulation as a condition of federal financial assistance for a project.

Subd. 5.

[Repealed, [1989 c 335 art 1 s 270](#)]

Subd. 6. Housing rehabilitation loan, grant program.

An authority may develop and administer a housing rehabilitation loan and grant program with respect to property located anywhere within its boundaries which is owned by persons of low and moderate income, on the terms and conditions it determines.

Subd. 7. Interest reduction program.

(a) An authority may develop and administer an interest reduction program to assist the financing of the construction, rehabilitation, and purchase of housing units which are intended primarily for occupancy by individuals of low or moderate income and related and subordinate facilities.

(b) An authority may:

(1) pay in periodic payments or in a lump-sum payment any or all of the interest on loans made pursuant to chapter 462C or subdivision 6;

(2) pay any or all of the interest on bonds issued pursuant to chapter 462C, or pursuant to sections [469.001](#) to [469.047](#) for the purpose of making loans authorized by subdivision 6;

(3) pay in periodic payments or in a lump-sum payment any or all of the interest on loans made by private lenders to purchasers of housing units;

(4) pay any or all of the interest due on loans made by private lenders to a developer for the construction or rehabilitation of housing units;

(5) pay in periodic payments or in a lump-sum payment any or all of the interest on loans made by any person to a developer for the construction, rehabilitation, and purchase of commercial facilities which are related and subordinate to the construction, rehabilitation, or

purchase of housing units that receive interest reduction assistance provided that the entire development is composed primarily of housing units;

(6) pay any or all of the interest on bonds issued pursuant to sections [469.152](#) to [469.165](#), when the bonds are issued for a project that is related and subordinate to the construction, rehabilitation, or purchase of housing units that receive interest reduction assistance provided that the entire development is composed primarily of housing units;

(7) pay in periodic payments or in a lump-sum payment any or all of the interest on loans made pursuant to section [469.184](#) for the rehabilitation or preservation of small- and medium-sized commercial buildings; and

(8) pay any or all of the interest on bonds issued pursuant to section [469.184](#).

Subd. 8. Interest reduction program; considerations, limits.

(a) In developing the interest reduction program authorized by subdivision 7 the authority shall consider:

(1) the availability and affordability of other governmental programs;

(2) the availability and affordability of private market financing; and

(3) the need for additional affordable mortgage credit to encourage the construction and enable the purchase of housing units within the jurisdiction of the authority.

(b) The authority shall adopt rules for the interest reduction program. Interest reduction assistance shall not be provided if the authority determines that financing for the purchase of a housing unit or for the construction or rehabilitation of housing units is otherwise available from private lenders upon terms and conditions that are affordable by the applicant, as provided by the authority in its rules.

(c) For the purposes of this subdivision an "assisted housing unit" is a housing unit which is rented or to be rented and which is a part of a rental housing development where the financing for the rental housing development is assisted with interest reduction assistance provided by the authority during the calendar year.

(d) If interest reduction assistance is provided for construction period interest for a rental housing development, the housing units in the housing development shall be considered assisted housing units for a period after occupancy of the housing units which is equal to the period during which interest reduction assistance is provided to assist the construction financing of the rental housing development.

(e) In any calendar year when an authority provides interest reduction assistance for assisted housing units:

(1) at least 20 percent of the total assisted housing units within the jurisdiction of the authority shall be held available for rental to families or individuals with an adjusted gross income which is equal to or less than 80 percent of the median family income; and

(2) at least an additional 55 percent of the total assisted housing units within the jurisdiction of the authority shall be held available for rental to individuals or families with

an annual adjusted gross income which is equal to or less than 66 times 120 percent of the monthly fair market rent for the unit established by the United States Department of Housing and Urban Development.

(f) At least 80 percent of the aggregate dollar amount of funds appropriated by an authority within any calendar year to provide interest reduction assistance for financing of construction, rehabilitation, or purchase of single-family housing, as that term is defined in section [462C.02, subdivision 4](#), shall be appropriated for housing units that are to be sold to or occupied by families or individuals with an adjusted gross income which is equal to or less than 110 percent of median family income.

(g) For the purposes of this subdivision, "median family income" means the median family income established by the United States Department of Housing and Urban Development for the nonmetropolitan county or the standard metropolitan statistical area, as the case may be.

(h) The adjusted gross income must be adjusted by the authority for family size.

(i) The limitations imposed upon assisted housing units by this subdivision do not apply to interest reduction assistance for a rental housing development located in a targeted area as defined in section [462C.02](#).

(j) An authority that establishes a program pursuant to this subdivision shall by January 2 each year report to the commissioner of employment and economic development a description of the program established and a description of the recipients of interest reduction assistance.

Subd. 9. Interest reduction program; payoff to HRA on sale.

(a) Under any interest reduction program authorized by subdivision 7 which provides interest reduction assistance pursuant to paragraph (b), clauses (1) to (6), the authority shall obtain an agreement from the developer or other benefited owner of the property. The agreement shall provide that, upon the benefited owner's sale or transfer of the property, the authority shall be paid in an amount determined under paragraph (c) and that this obligation is secured by an interest in the property. The interest in the property shall consist of either a right of co-ownership or a lien or mortgage against the property and may be subordinate to other interests in the property.

(b) For purposes of this subdivision, "property" means property the construction, acquisition, or improvement of which is financed in whole or part with the proceeds of a loan upon which the interest payments are reduced under an interest reduction program.

(c) The amount required to be paid to the authority under paragraph (a) shall equal at least:

(1) the sale price of the property,

(2) less the downpayment, any payments of principal, other payments made to construct, acquire, or improve the property and any outstanding liens or mortgages securing loans, advances, or goods and services provided for the construction, acquisition, or improvement of the property,

(3) less the amount, if any, which the authority determines should be allowed for the developer or other benefited property owner as a return on the developer's or other benefited property owner's investment in the property,

(4) multiplied by a fraction, the numerator of which is the interest reduction payments made by the authority and the denominator of which is the total of the downpayment, all principal and interest payments including any portion paid by the authority, and other payments made to construct, acquire, or improve the property. In the case of a transfer, other than an arm's-length sale, an appraisal shall be substituted for the sale price.

(d) If the interest reduction payments are made for a bond issue, or other obligation, the proceeds of which are lent to five or more purchasers of separate housing units, the fraction under paragraph (c), clause (4), may be determined on the basis of an estimate of the aggregate factors for all the borrowers of the proceeds, of the bonds or other obligations participating in the interest reduction program.

(e) The provisions of this subdivision shall not apply to interest reduction assistance provided for construction period interest for housing units which are to be sold upon completion to purchasers who intend at the time of purchase to occupy the housing units as their principal place of residence.

Subd. 10.

[Repealed, [1988 c 551 s 1](#)]

Subd. 11.HRAs created by special law.

Except as expressly limited by the special law establishing the authority, an authority created pursuant to special law shall have the powers granted by any statute to any authority created pursuant to this chapter.

Subd. 12.Parking facilities.

An authority may operate and maintain public parking facilities in connection with any of its projects.

Subd. 13.Down payment assistance loans, grants; findings.

(a) An authority may develop and administer a down payment assistance loan and grant program with respect to property located within its boundaries on terms and conditions it determines.

(b) Before carrying out a down payment assistance loan and grant program, an authority must find that the program is necessary in the areas in which it is made available in furtherance of a policy of the authority to promote economic integration or to encourage owner occupancy of single family residences.

History:

[1987 c 291 s 12,243](#); [1987 c 312 art 1 s 26](#) subd 2; [1987 c 386 art 6 s 3](#); [1988 c 580 s 3](#); [1988 c 702 s 3](#); [1989 c 277 art 2 s 60](#); [1989 c 328 art 3 s 5](#); [1990 c 532 s 6,7](#); [1991 c 291 art 10 s 3](#); [1992 c 376 art 3 s 3,4](#); [1993 c 320 s 2](#); [1993 c 375 art 14 s 3](#); [1996 c 399 art 2 s](#)

[6; 1997 c 231 art 2 s 42; 1999 c 243 art 5 s 38; 2002 c 390 s 6; 2003 c 50 s 1; 1Sp2003 c 4 s 1; 2012 c 143 art 3 s 25](#)

469.013 ACCOUNTING.

Subdivision 1. Annual reports, duties of state auditor.

Each authority shall keep an accurate account of all its activities and of all its receipts and expenditures. The authority shall annually, in January for accounts kept on a calendar year basis, and within 30 days of the end of its fiscal year for accounts kept on a fiscal year basis, make a report on the accounts to the commissioner of employment and economic development, the state auditor, and the governing body of the city. The reports shall be in a form prescribed by the commissioner of employment and economic development. All powers conferred and duties imposed upon the state auditor with respect to state and county officers, institutions, property, and improvements shall also be exercised and performed by the state auditor with respect to authorities, except the power to prescribe the form of reports or accounts provided in sections [469.001](#) to [469.047](#). The state auditor shall make audits of the low-rent public housing funds of the authorities that are deemed to be in the public interest, and shall file a written report covering the audits with the authority, the city clerk of the municipality, and the commissioner of employment and economic development. The first report of the state auditor shall include all expenditures and activities of the local authority from the creation of the authority. Each authority shall be liable to the state and shall pay all costs and expenses of the examination, from funds available for those purposes.

Subd. 2. Commissioner of employment and economic development; powers, duties.

The commissioner of employment and economic development may investigate the affairs of authorities and their dealings, transactions, and relationships. The commissioner may examine the properties and records of authorities and prescribe methods of accounting and the rendering of periodical reports in relation to projects undertaken by authorities. In prescribing the form of accounts the commissioner of employment and economic development shall take into consideration any requirements of the federal government under any contract with an authority. The commissioner of employment and economic development may adopt, amend, and repeal rules prescribing standards and stating principles governing the planning, construction, maintenance, and operation of projects by authorities. Compliance with sections [469.001](#) to [469.047](#) and the rules adopted by the commissioner of employment and economic development may be enforced by the commissioner by a proceeding in equity.

History:

[1987 c 291 s 13; 1987 c 312 art 1 s 26](#) subd 2; [1Sp2003 c 4 s 1](#)

469.014 LIABLE IN CONTRACT OR TORT.

Subject to the provisions of chapter 466, an authority shall be liable in contract or in tort in the same manner as a private corporation. The commissioners of an authority shall not be personally liable as such on its contracts, or for torts not committed or directly authorized by them. The property or funds of an authority shall not be subject to attachment, or to levy and sale on execution, but, if an authority refuses to pay a judgment entered against it in any court of competent jurisdiction, the district court for the county in which the authority is situated may, by writ of mandamus, direct the treasurer of the authority to pay the judgment.

History:

[1987 c 291 s 14](#); [1991 c 342 s 11](#)

469.015 LETTING OF CONTRACTS; PERFORMANCE BONDS.

Subdivision 1. Bids; notice.

All construction work, and work of demolition or clearing, and every purchase of equipment, supplies, or materials, necessary in carrying out the purposes of sections [469.001](#) to [469.047](#), that involve expenditure of the amount in section [471.345, subdivision 3](#), or more shall be awarded by contract. Before receiving bids the authority shall publish, once a week for two consecutive weeks in an official newspaper of general circulation in the community a notice that bids will be received for that construction work, or that purchase of equipment, supplies, or materials. The notice shall state the nature of the work and the terms and conditions upon which the contract is to be let, naming a time and place where bids will be received, opened and read publicly, which time shall be not less than seven days after the date of the last publication. After the bids have been received, opened and read publicly and recorded, the authority shall award the contract to the lowest responsible bidder, provided that the authority reserves the right to reject any or all bids. Each contract shall be executed in writing, and the person to whom the contract is awarded shall give sufficient bond to the authority for its faithful performance. If no satisfactory bid is received, the authority may readvertise. The authority may establish reasonable qualifications to determine the fitness and responsibility of bidders and to require bidders to meet the qualifications before bids are accepted.

Subd. 1a. Best value alternative.

As an alternative to the procurement method described in subdivision 1, the authority may issue a request for proposals and award the contract to the vendor or contractor offering the best value under a request for proposals as described in section [16C.28, subdivision 1](#), paragraph (a), clause (2), and paragraph (c).

Subd. 2. Exception; emergency.

If the authority by a vote of four-fifths of its members shall declare that an emergency exists requiring the immediate purchase of any equipment or material or supplies at a cost in excess of the amount in section [471.345, subdivision 3](#), but not exceeding one-half again as much as the amount in section [471.345, subdivision 3](#), or making of emergency repairs, it shall not be necessary to advertise for bids, but the material, equipment, or supplies may be

purchased in the open market at the lowest price obtainable, or the emergency repairs may be contracted for or performed without securing formal competitive bids. An emergency, for purposes of this subdivision, shall be understood to be unforeseen circumstances or conditions which result in the placing in jeopardy of human life or property.

Subd. 3. Performance and payment bonds.

Performance and payment bonds shall be required from contractors for any works of construction as provided in and subject to all the provisions of sections [574.26](#) to [574.31](#) except for contracts entered into by an authority for an expenditure of less than the minimum threshold amount in section [471.345, subdivision 3](#).

Subd. 4. Exceptions.

(a) An authority need not require competitive bidding in the following circumstances:

(1) in the case of a contract for the acquisition of a low-rent housing project:

(i) for which financial assistance is provided by the federal government;

(ii) which does not require any direct loan or grant of money from the municipality as a condition of the federal financial assistance; and

(iii) for which the contract provides for the construction of the project upon land that is either owned by the authority for redevelopment purposes or not owned by the authority at the time of the contract but the contract provides for the conveyance or lease to the authority of the project or improvements upon completion of construction;

(2) with respect to a structured parking facility:

(i) constructed in conjunction with, and directly above or below, a development; and

(ii) financed with the proceeds of tax increment or parking ramp general obligation or revenue bonds; and

(3) in the case of any building in which at least 75 percent of the usable square footage constitutes a housing development project if:

(i) the project is financed with the proceeds of bonds issued under section [469.034](#) or from nongovernmental sources;

(ii) the project is either located on land that is owned or is being acquired by the authority only for development purposes, or is not owned by the authority at the time the contract is entered into but the contract provides for conveyance or lease to the authority of the project or improvements upon completion of construction; and

(iii) the authority finds and determines that elimination of the public bidding requirements is necessary in order for the housing development project to be economical and feasible.

(b) An authority need not require a performance bond for the following projects:

(1) a contract described in paragraph (a), clause (1);

(2) a construction change order for a housing project in which 30 percent of the construction has been completed;

(3) a construction contract for a single-family housing project in which the authority acts as the general construction contractor; or

(4) a services or materials contract for a housing project.

For purposes of this paragraph, "services or materials contract" does not include construction contracts.

Subd. 5. Security in lieu of bond.

The authority may accept a certified check or cashier's check in the same amount as required for a bond in lieu of a performance bond for contracts entered into by an authority for an expenditure of less than the minimum threshold amount in section [471.345, subdivision 3](#). The check must be held by the authority for 90 days after the contract has been completed. If no suit is brought within the 90 days, the authority must return the amount of the check to the person making it. If a suit is brought within the 90-day period, the authority must disburse the amount of the check pursuant to the order of the court.

History:

[1987 c 291 s 15,243](#); [1987 c 344 s 6](#); [1988 c 702 s 4](#); [1989 c 355 s 3](#); [1992 c 376 art 3 s 5-7](#); [1992 c 545 art 2 s 5](#); [1993 c 320 s 3,4](#); [1994 c 614 s 8](#); [1998 c 389 art 16 s 22](#); [2001 c 140 s 1-4](#); [2004 c 278 s 8,9](#); [2005 c 152 art 1 s 14](#); [2007 c 148 art 3 s 27](#); [2009 c 88 art 6 s 14-16](#); [2009 c 152 s 20](#); [2010 c 382 s 87 subd 11](#); [2012 c 294 art 2 s 19](#)

469.016 LOW-RENT HOUSING.

An authority shall not initiate any low-rent housing project, and shall not enter into any contract with respect to it, until:

(1) it has made findings, after an analysis of the local housing market, that (i) there is need for such low-rent housing which cannot be met by private enterprise, and (ii) a gap of at least 20 percent exists between the upper shelter rental limits for admission to the proposed low-rent housing and the lowest shelter rents at which private enterprise is providing through new construction and existing structures a substantial supply of decent, safe, and sanitary housing; and

(2) the governing body or bodies creating the authority in whose jurisdiction the project will be located, has by resolution affirmed those findings of the authority and approved the provision of that low-rent housing project.

Clauses (1) and (2) do not apply to any public low-rent housing projects for which financial assistance is provided by the federal government, and which does not require any direct loan or grant of money from the governing body or bodies as a condition of federal financial assistance. An authority shall not make any contract with the federal government for a public low-rent housing project unless the governing body or bodies creating the

authority in whose jurisdiction the project will be located, has by resolution approved the provision of that public low-rent housing project.

History:

[1987 c 291 s 16](#); [1990 c 532 s 8](#)

469.017 HOUSING DEVELOPMENT PROJECTS.

Before carrying out a housing development project an authority must find that the project is necessary to alleviate a shortage of decent, safe, and sanitary housing for persons of low or moderate income and their families as such income is determined by the authority. No housing development project involving the use of the power of eminent domain shall be carried out by an authority without the prior approval of the governing body of the municipality in which the project is located. A housing development project or any interest therein may be sold or leased to private developers before, during, or after the completion of construction of improvements thereon. The sale or lease shall be in accordance with the provisions of section [469.029, subdivisions 2, 5, and 7](#), except that the provisions requiring conformance to a redevelopment plan shall not be applicable. The sale or lease may be made for other than housing purposes if the authority finds that changed circumstances arising subsequent to the acquisition of the project make a sale or lease for housing purposes inappropriate. Nothing in this section shall limit the power of the authority to acquire or dispose of real property pursuant to sections [469.012, subdivision 1h](#), and [469.029](#), subdivisions 9 and 10, except that any exercise of the power of eminent domain pursuant to section [469.012, subdivision 1h](#), shall not be carried out by an authority without the prior approval of the governing body of the municipality in which the housing development project is located. The authority shall have the power to transfer such real property in accordance with the provisions of sections [469.012, subdivision 1h](#), and [469.029](#), subdivisions 9 and 10, before, during, or after the completion of construction, rehabilitation, or improvements thereon, except that the transfer shall be in accordance with the provisions of section [469.029, subdivisions 2, 5, and 7](#), except as elsewhere provided in Laws 1974, chapter 228.

History:

[1987 c 291 s 17](#)

469.0171 HOUSING PLAN, PROGRAM, AND REVIEW.

Prior to the issuance of bonds or obligations for a housing development project proposed by an authority under section [469.017](#), the authority shall prepare and submit for review a program as defined in section [462C.02, subdivision 3](#), in the manner provided in sections [462C.04, subdivision 2](#), and [462C.05, subdivision 5](#), for the making or purchasing of loans by cities.

History:

[1988 c 542 s 7](#); [1995 c 224 s 116](#); [1997 c 219 s 8](#); [2014 c 161 art 4 s 1](#)

469.018 RENTALS.

Subdivision 1.Basis of charge.

Each authority shall manage and operate its housing projects in an efficient manner to enable it to fix the rentals or payments for dwelling accommodations at rates consistent with its providing decent, safe, and sanitary dwelling accommodations for persons of low income. No authority shall construct or operate any housing project for profit, or as a source of revenue to the municipality. An authority shall fix the rentals or payments for dwellings in its projects at no higher rates than it shall find to be necessary in order to produce revenues which, together with all other available moneys, revenues, income, and receipts of the authority, will be sufficient (1) to pay, as they become due, the principal and interest on the bonds of the authority; (2) to create and maintain reserves required to assure the payment of principal and interest as they become due on its bonds; (3) to meet the cost of, and to provide for, maintaining and operating the projects, including necessary reserves and the cost of any insurance, and the administrative expenses of the authority; and (4) to make payments in lieu of taxes that it determines are consistent with the maintenance of the low-rent character of projects.

Subd. 2.Realtors.

With respect to the management and operation of a housing project the authority may employ reliable real estate operators or firms or brokers or the municipality to perform those services for it. No such real estate operators or firms or brokers or the municipality shall have any authority in tenant selection or the fixing of rentals. Each authority employing real estate operators or firms or brokers or the municipality shall require the execution of a contract of employment stating the terms and conditions under which the services are to be performed, which shall be subject to the approval of the commissioner of employment and economic development.

Subd. 3.CIC lease restrictions.

Notwithstanding any other law to the contrary, no declaration governing a common interest community, as defined in chapter 515B, whether or not the common interest community is subject to chapter 515B, and no bylaw, regulation, rule, or policy adopted by or on behalf of the unit owners' association for a common interest community, may prohibit or limit an authority from leasing a residential unit owned by it to eligible persons of low or moderate income and their families under applicable state or federal legislation. Nothing in

this subdivision shall prohibit common interest community declarations, bylaws, regulations, rules, or policies from otherwise regulating the use of a unit owned by an authority or the conduct of unit occupants, provided the regulations apply to all units in the common interest community; nor from enforcing a prohibition against leasing residential units that was effective before the authority owned the unit. This subdivision applies to all common interest community units owned by an authority for which title was acquired by the authority after January 1, 1999.

History:

[1987 c 291 s 18](#); [1987 c 312 art 1 s 26](#) subd 2; [1Sp2003 c 4 s 1](#); [2004 c 263 s 21](#)

469.019 RENTALS, TENANT ADMISSIONS.

In the operation or management of housing projects an authority shall observe the following duties with respect to rentals and tenant admissions.

(a) It may rent or lease the dwelling accommodations only to persons of low income and at rentals within their ability to pay.

(b) It may rent or lease to a tenant dwelling accommodations consisting of the number of rooms it deems necessary to provide safe and sanitary accommodations to the proposed occupants, without overcrowding, but no greater number.

(c) It shall not approve a family as tenant in a housing project if the family has an aggregate annual net income from all sources at the time of admission which exceeds five times the annual rental for the accommodations to be provided the family. As used in this section, aggregate annual net income shall not include:

(1) the income of a family member, other than the head of the household or spouse, who is under 18 years of age or who is a full-time student;

(2) the first \$300 of the income of a secondary wage earner who is the spouse of the head of the household;

(3) \$300 for each member of the family residing in the household, other than the head of the household or spouse, who is under 18 years of age or who is 18 years of age or older and is disabled or a full-time student;

(4) nonrecurring income as defined by the authority;

(5) five percent of the family's gross income from all sources or, in the case of an elderly family, ten percent of the family's gross income;

(6) amounts paid or incurred for which the family is liable for extraordinary medical expenses or other expenses resulting from unusual circumstances as determined by the authority; and

(7) an amount equal to the money received by the head of the household or spouse from or under the direction of any public or private nonprofit child-placing agency for the care and

maintenance of one or more persons who are under 18 years of age and were placed in the family by that agency.

(d) In computing the rental for the purpose of this section, there shall be included in the rental the average annual cost, as determined by the authority, to occupants of heat, water, electricity, gas, cooking fuel, and other necessary services or facilities, whether or not the charge for the services and facilities is included in the rental. An authority may adopt as its maximum net income for admission of families any maximum which is less than either: (1) the maximum net family income computed under this section; or (2) the maximum net family income determined pursuant to section [469.022](#); or (3) the maximum net family income determined pursuant to the Housing and Community Development Act of 1974.

History:

[1987 c 291 s 19](#); [2005 c 56 s 1](#)

469.020 DISCRIMINATION PROHIBITED, DISPLACED FAMILIES.

There shall be no discrimination in the selection of tenants because of race or religious, political, or other affiliations, but, if the number of qualified applicants for dwelling accommodations exceeds the dwelling units available, preference shall be given to inhabitants of the municipality in which the project is located, and to the families who occupied the dwellings eliminated by demolition, condemnation, and effective closing as part of the project, as far as is reasonably practicable without discrimination against families living in other substandard areas within the same municipality.

History:

[1987 c 291 s 20](#)

469.021 PREFERENCES.

As between applicants equally in need and eligible for occupancy of a dwelling and at the rent involved, preference shall be given to disabled veterans, persons with disabilities, and families of service persons who died in service and to families of veterans. In admitting families of low income to dwelling accommodations in any housing project an authority shall, as far as is reasonably practicable, give consideration to applications from families receiving assistance under chapter 256J, and to resident families to whom public assistance or Supplemental Security Income for the aged, blind, and disabled is payable, when those families are otherwise eligible.

History:

[1987 c 291 s 21](#); [2007 c 135 art 8 s 8](#)

469.022 ESTABLISHMENT OF INCOME RESTRICTION.

The dwellings in public low-rent housing shall be available solely for families whose net family income does not exceed the maximum net family income falling within the lowest 20 percent by number of all family incomes in the area of operation as such maximum net family income has been determined by the authority. Each year, this restriction shall be reexamined by the commissioner of employment and economic development, and a public hearing shall be held by the commissioner of employment and economic development to determine whether administrative or interpretive difficulties or unsatisfactory progress in the provision of low-rent housing or redevelopment require a modification of that income restriction. Upon the conclusion of that hearing, the commissioner shall modify the restriction set out in this section to the extent required to make satisfactory progress in the provision of low-rent housing or redevelopment.

History:

[1987 c 291 s 22](#); [1987 c 312 art 1 s 26](#) subd 2; [1Sp2003 c 4 s 1](#)

469.023 PERIODIC INVESTIGATION OF TENANT.

An authority shall make periodic investigations of each family admitted to a low-rent housing project and, on the basis of the investigations, shall determine whether that family at the time of its admission (1) lived in an unsafe, unsanitary, or overcrowded dwelling or had been displaced by a project or by off-site elimination in compliance with the equivalent elimination requirement hereof, or actually was without housing, or was about to be without housing as a result of a court order of eviction, due to causes other than the fault of the tenant, and (2) had a net family income not exceeding the income limits for admission of families of low income to the housing; provided that the requirement in clause (1) shall not be applicable in the case of the family of any veteran who has been discharged, other than dishonorably, from, or the family of any service person who died in, the armed forces of the United States, if that family had made application for admission to the project within any time limit specified by federal law applicable to federal financial assistance for the project. If it is found upon investigation that the net income of any families have increased beyond the maximum income limits fixed pursuant to section [469.022](#) for continued occupancy in the housing, those families shall be required to move from the project.

History:

[1987 c 291 s 23](#)

469.024 POWER OF AUTHORITY.

Nothing contained in sections [469.016](#) to [469.024](#) shall be construed as limiting the power of an authority (1) with respect to a housing project to vest in an obligee the right, in the event of a default by the authority, to take possession or cause the appointment of a receiver of the project, free from the restrictions imposed by this section or section [469.023](#); or (2) with respect to a redevelopment project, in the event of a default by a purchaser or lessee of land, to acquire property and operate it free from such restrictions.

History:

[1987 c 291 s 24](#)

469.025 DEMOLITION OF UNSAFE OR UNSANITARY BUILDINGS.

No project for low-rent housing or the clearance of a blighted area involving the construction of new dwellings shall be undertaken by a housing authority unless, subsequent to the initiation of the project, there has been or will be elimination by demolition, condemnation, and effective closing, or compulsory repair, of unsafe or unsanitary buildings situated in the area of operation substantially equal in number to the number of dwelling units provided by the project. The elimination may, upon approval by the commissioner of employment and economic development, be deferred for a period determined by the commissioner if the shortage of decent, safe, or sanitary housing available to families of low income is so acute as to force dangerous overcrowding of those families.

History:

[1987 c 291 s 25](#); [1987 c 312 art 1 s 26](#) subd 2; [1Sp2003 c 4 s 1](#)

469.026 EXISTING BUILDINGS; ACQUISITION, REPAIR.

An authority may purchase, lease, or otherwise acquire existing buildings for rehabilitation into low-rent housing. The provisions of sections [469.001](#) to [469.047](#) relating to other low-rent housing projects shall apply to the projects. Before proceeding with the project, an authority shall make an analysis demonstrating:

(1) the buildings to be acquired or leased shall be in such condition that it is feasible to remodel, repair, or reconstruct them and that the buildings, when rehabilitated, will provide decent, safe, and sanitary housing;

(2) the rehabilitation of the buildings comprising the project will prevent or arrest the spread of blight so as to protect the neighborhood in which the buildings are located; and

(3) the rehabilitated buildings will provide low-rent housing, will help to conserve the existing housing supply, and will otherwise accomplish the purposes of sections [469.001](#) to [469.047](#).

Nothing in this section shall limit the powers of an authority with respect to a redevelopment project.

History:

[1987 c 291 s 26](#)

469.026 EXISTING BUILDINGS; ACQUISITION, REPAIR.

An authority may purchase, lease, or otherwise acquire existing buildings for rehabilitation into low-rent housing. The provisions of sections [469.001](#) to [469.047](#) relating

to other low-rent housing projects shall apply to the projects. Before proceeding with the project, an authority shall make an analysis demonstrating:

(1) the buildings to be acquired or leased shall be in such condition that it is feasible to remodel, repair, or reconstruct them and that the buildings, when rehabilitated, will provide decent, safe, and sanitary housing;

(2) the rehabilitation of the buildings comprising the project will prevent or arrest the spread of blight so as to protect the neighborhood in which the buildings are located; and

(3) the rehabilitated buildings will provide low-rent housing, will help to conserve the existing housing supply, and will otherwise accomplish the purposes of sections [469.001](#) to [469.047](#).

Nothing in this section shall limit the powers of an authority with respect to a redevelopment project.

History:

[1987 c 291 s 26](#)

469.027 REDEVELOPMENT PLAN.

Any person may submit a redevelopment plan to an authority, or an authority may consider a redevelopment plan on its own initiative. An authority shall immediately transmit the plan to the planning agency of the city in which the area to be redeveloped is situated, for its study, or, if no planning agency exists, the plan shall be submitted to an agency indicated by the governing body of the city. An authority shall request the written opinion of the planning or other agency on all redevelopment plans submitted to it prior to approving those redevelopment plans, and the planning or other agency shall submit its written opinion within 30 days.

History:

[1987 c 291 s 27](#)

469.028 MUNICIPAL GOVERNING BODY.

Subdivision 1. Findings, notice, determination.

When an authority determines that a redevelopment project should be undertaken, it shall apply to the governing body of the city in which the project is located for approval. The application shall be accompanied by a redevelopment plan, a statement of the method proposed for financing the project, and the written opinion of the planning agency, if there is one. Before approving any redevelopment plan, the governing body shall hold a public hearing thereon after published notice in a newspaper of general circulation in

the municipality at least once not less than ten days nor more than 30 days prior to the date of the hearing.

Subd. 2. Findings, notice, determination; governing body.

The authority shall not proceed with the project unless the governing body finds by resolution that:

- (1) the land in the project area would not be made available for redevelopment without the financial aid to be sought;
- (2) the redevelopment plans for the redevelopment areas in the locality will afford maximum opportunity, consistent with the needs of the locality as a whole, for the redevelopment of the areas by private enterprise; and
- (3) the redevelopment plan conforms to a general plan for the development of the locality as a whole.

The governing body shall within 30 days after submission of the application, or resubmission as hereinafter provided, give written notice to the authority of its decision with respect to the project. When an authority has determined the location of a proposed redevelopment project, it may, without awaiting the approval of the governing body, proceed, by option or otherwise, to obtain control of the real property within the area, but it shall not, without the prior approval by the governing body of the redevelopment plan, unconditionally obligate itself to purchase any such property. A plan which has not been approved by the governing body when submitted to it may be again submitted to it with the modifications necessary to meet its objections. Once approved, the determination of the authority to undertake the project and the resolution of the governing body shall be conclusive, in any condemnation proceeding, of the public need for the project.

Subd. 3. Acquisition of open land.

A redevelopment project may include any work or undertaking to acquire open or undeveloped land determined to be blighted by virtue of the following conditions:

- (1) unusual and difficult physical characteristics of the ground;
- (2) the existence of faulty planning characterized by the subdivision or sale of lots laid out in disregard of the contours or of irregular form and shape or of inadequate size; or

(3) a combination of these or other conditions which have prevented normal development of the land by private enterprise and have resulted in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety, and welfare. Acquisition of such land shall be a redevelopment project only if a redevelopment plan has been adopted which provides for the elimination of these conditions, thereby making the land useful and valuable for contributing to the public health, safety, and welfare and the acquisition of the land is necessary to carry out the redevelopment plan.

Subd. 4.Acquisition of unused or inappropriately used land.

A redevelopment project may include any work or undertaking to acquire land or space that is vacant, unused, underused or inappropriately used, including infrequently used rail yards and rail storage facilities, and excessive or vacated railroad rights-of-way; air rights over streets, expressways, railroads, waterways, and similar locations; land which is occupied by functionally obsolete nonresidential buildings, or is used for low utility purposes, or is covered by shallow water, or is subject to periodic flooding, or consists of unused or underused slips or dock areas or other waterfront property. This subdivision applies only to land or space that the authority determines may be developed at a cost reasonably related to the public purpose to be served without major residential clearance activities, and with full consideration of the preservation of beneficial aspects of the urban and natural environment, for uses that are consistent with emphasis on housing for low and moderate income families. These uses include the provision of schools, hospitals, parks and other essential public facilities and, where appropriate, all uses associated with new community development programs as defined in the United States Urban Growth and New Community Development Act of 1970, as amended, or similar large scale undertakings related to inner city needs, including concentrated sources of employment.

Subd. 5.Early acquisition.

When an authority has determined the location of a proposed redevelopment project, but prior to the approval of the redevelopment plan and project as provided in subdivision 2, the authority may acquire individual tracts of real property with the approval of the governing body as to each separate tract. Before approving early acquisition, the governing body shall hold a public hearing on the proposed acquisition activities after published notice in a newspaper of general circulation in the municipality at least once not less than ten days nor more than 30 days prior to the date of the hearing.

The authority shall not proceed with the acquisition unless the governing body finds by resolution that (1) the proposed acquisition is necessary to carry out public improvements in the area, or that the acquisition will contribute to the elimination of blight or deterioration within the area or that the acquisition is necessary to relieve hardship; and (2) there is a feasible method for the relocation of families and individuals to be displaced by the proposed acquisition.

The governing body may, in approving early acquisition, agree to assume the responsibility for any loss that may arise as a result of the acquisition of land and related activities, including any costs of demolition, removal, and relocation, in the event that the property so acquired is not used for urban renewal purposes because the urban renewal plan is not approved, or is amended to omit the acquired property or is abandoned for any reason. Nothing in this subdivision shall be construed to waive the requirement for public hearing upon the redevelopment plan for the redevelopment project.

History:

[1987 c 291 s 28](#)

469.029 DISPOSAL OF PROPERTY.

Subdivision 1. Sale, lease, or development.

In accordance with a redevelopment plan, an authority may make any of its land in a redevelopment project available for use by private individuals, firms, corporations, partnerships, insurance companies, or other private interests, or by public agencies, by sale, lease, or otherwise, or the authority itself may retain property for redevelopment by it. The land shall be made available at a price that shall, except as provided for in subdivisions 9 and 10, take into consideration the estimated fair market or rental value of the cleared land as determined pursuant to section [469.032](#), for proposed uses in accordance with the redevelopment plan.

Subd. 2. Notice; public hearing; determination; terms and conditions.

Any such lease or sale may be made without public bidding but only after a public hearing, after published notice, by the authority at least once not less than ten days nor more than 30 days prior to the date of the hearing upon the proposed lease or sale and the provisions thereof. The terms of any such lease shall be fixed by the authority, and the instrument of lease may provide for renewals upon reappraisals and with rentals and other provisions adjusted to the reappraisals. Every such lease or sale shall provide that the lessee or purchaser shall carry out or cause to be carried out the approved project area redevelopment plan or approved modifications thereof and that no use shall be made of any land or real property included in the lease or sale nor any building or structure erected

thereon which does not conform to the approved plan or approved modifications thereof. In the instrument of lease or sale the authority may include other terms, conditions, and provisions in the judgment of the authority will provide reasonable assurance of the priority of the obligations of the lease or sale and of conformance to the plan over any other obligations of the lessee or purchaser, and also assurance of the financial and legal ability of the lessee or purchaser to carry out and conform to the plan and the terms and conditions of the lease or sale, to begin the building of any improvements within a period of time which the authority fixes as reasonable. The instrument shall also include the terms, conditions, and specifications concerning buildings, improvements, subleases, or tenancies, maintenance and management, and any other related matters the authority may reasonably impose or approve, including provisions whereby the obligations to carry out and conform to the project area plan shall run with the land. If maximum rentals to be charged to tenants of housing are specified, provision may be made for periodic reconsideration of the rental bases, with a view to proposing modification of the project area plan with respect to the rentals.

Subd. 3. Property devoted to public uses; transfer.

After the property in a project area has been assembled by an authority, the authority may transfer by deed to local public bodies those pieces of property which, in accordance with the redevelopment plan, are to be devoted to public uses, other than public housing or redevelopment purposes. Except for property transferred by dedication, gift, or exchange, the transferee body shall pay to the authority the sum agreed upon, and, in the absence of agreement, the sum determined by arbitration. The authority shall reimburse the redevelopment project fund the fair use value of any property in a redevelopment project transferred to a public low-rent housing project.

Subd. 4. Disposition in parts.

The authority may lease or sell parts of a project area separately to any persons. Any such sale or lease of a part or parts of a project area shall be subject to the provisions of this section, excluding property required for public low-rent housing projects.

Subd. 5. Limitation upon disposal by purchaser.

Until the authority certifies that all building constructions and other physical improvements specified to be done and made by the purchaser of the area have been completed, the purchaser shall not convey the area, or any part thereof, without the consent of the authority. Consent shall not be given unless the grantee or mortgagee of the purchaser is obligated by written instrument to the authority to carry out that portion of the redevelopment plan which falls within the boundaries of the conveyed property, and also that the grantee, the grantee's heirs, representatives, successors, and assigns, shall not convey, lease, or let the conveyed property or any part thereof, or erect or use any building or structure erected thereon, except in conformance with the approved project area redevelopment plan or approved modifications thereof.

Subd. 6. Modification of plan.

A redevelopment plan may be modified at any time. The modification must be adopted by the authority and the governing body of the political subdivision in which the project is

located, upon the notice and after the public hearing required for the original adoption of the redevelopment plan. If the authority determines the necessity of changes in an approved redevelopment plan or approved modification thereof, which changes do not alter or affect the exterior boundaries, and do not substantially alter or affect the general land uses established in the plan, the changes shall not constitute a modification of the redevelopment plan nor require approval by the governing body of the political subdivision in which the project is located.

Subd. 7. Purchaser or lessee to furnish performance bond.

As security for its fulfillment of the agreement with the authority, a purchaser or lessee shall furnish a performance bond, with the surety and in the form and amount the authority may approve, or make any other guaranty the authority deems necessary in the public interest. If the authority finds that the redevelopment is not being carried out or maintained in accordance with the contract terms and conditions, or there is a failure to prosecute the work with diligence, or to assume its completion on time, it shall notify the purchaser or lessee and the surety in writing of the noncompliance. Unless the purchaser or lessee complies with the terms of agreement within 20 days from the date of the notice, the authority may take over the work and may cause the work to be done, and the cost of the work shall be paid by the surety. The authority may take possession of and utilize in completion of the work the materials, appliances, and plant as may be on the site of the work and necessary for it.

Subd. 8. Discrimination forbidden.

There shall be no discrimination in the use of any land in a redevelopment project because of race or religious, political, or other affiliations.

Subd. 9. Sale, grant or development.

With or without accordance to a redevelopment plan, an authority may make any of its lands in a project that are vacant, open and undeveloped or lands that contain vacated residential dwelling structures that are substandard as that term is defined in section [469.012, subdivision 1h](#), available for use by sale, lease, grant, transfer, conveyance, or otherwise to persons or families of low and moderate income. The property shall be made available at a price which may take into consideration the estimated fair market value of the real estate, as determined pursuant to section [469.032](#), if the low- or moderate-income persons or families have the financial ability or building trade skills, as determined by the authority, to build on the vacant, open and undeveloped land or to repair, improve, or rehabilitate the residential dwelling structures, so as to conform with the applicable state, county, or city, health, housing, building, fire prevention, and housing maintenance codes within a reasonable period of time as determined by the authority. The authority may require an agreement from those persons or families of low or moderate income to build on the lands or to repair, improve, or rehabilitate the residential dwelling structures within a reasonable period of time so as to conform to the codes as a condition to final legal title to the lands and the residential dwelling units. Nothing in Laws 1974, chapter 228, shall prohibit an authority from making rehabilitation loans and grants, pursuant to section [469.012, subdivision 6](#), or procuring other authorized financial assistance for persons or families of low and moderate income who acquire real property pursuant to this section, in furtherance of the objectives of this section.

Subd. 10.Excess land.

On or before December 31 each year, each authority shall make a survey of all lands held, owned, or controlled by it to determine what land, including air rights, is in excess of its foreseeable needs. A description of each parcel found to be in excess of foreseeable needs shall be made a matter of public record. Any low- or moderate-income resident or nonprofit housing corporation shall upon request be provided with a list of the parcels without charge. With or without accordance to a redevelopment plan, an authority may make the excess lands available for use as a housing or housing development project by a nonprofit housing corporation by sale, lease, grant, transfer, conveyance, or otherwise. The price may take into consideration the estimated fair market or rental value of the real property, as determined pursuant to section [469.032](#) and upon terms and conditions, notwithstanding any other provisions of law to the contrary, that the authority deems to be best suited to the development of the parcel for housing available to persons and families of low and moderate income.

History:

[1987 c 291 s 29](#)

469.030 TEMPORARY RELOCATION OF DISPLACED FAMILIES.

Prior to its approval of any redevelopment plan, the authority shall be satisfied that there is a feasible method for the temporary relocation of families to be displaced from the project area, and that there are available or will be provided, in the project area or in other areas not less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families displaced from the project area, decent, safe, and sanitary dwellings equal in number to the number of the displaced families.

History:

[1987 c 291 s 30](#)

469.0305 REPORT ON LOSS OF HOUSING.**Subdivision 1.Effects of welfare reform.**

A public agency administering a public housing program or a rent subsidy program shall report to the commissioner of the Housing Finance Agency by February 1, each year, beginning in 1998, the reduction in the number of units or Section 8 certificates or vouchers during the year and an assessment of the reasons for the reduction, including whether it is due to the state's welfare reform initiatives.

Subd. 2.Reduction in low-income housing units.

A public agency that acquires and demolishes housing occupied by persons whose incomes are less than 50 percent of the area median income shall report the number of units demolished to the commissioner of the Housing Finance Agency. The report must be

submitted to the commissioner of the Housing Finance Agency no later than March 15 of the following year.

History:

[1997 c 200 art 4 s 22](#)

469.031 PROVISIONAL ACCEPTANCE BY AUTHORITY OF FUND, PROPERTY.

As an aid in the acquisition of the real property of a project area, the authority may accept a fund, or, at an agreed value, any parcel or property within the area, from any partnership or individual. Acceptance shall be subject to a provision that, if the supplier of the fund or the conveyor of the property purchases the project area or any part thereof, the fund or the agreed value of the property shall be credited on the purchase price of the area or part thereof, and, if there is an excess above the cost of acquisition of the area, the excess shall be returned, and that, if the supplier or conveyor does not purchase the area or any part thereof, the amount of the fund or the agreed value of the property shall be paid to the supplier or conveyor.

History:

[1987 c 291 s 31](#)

469.032 USE VALUE.

Subdivision 1.Determination.

Prior to lease or sale of land in a project area, the authority shall, as an aid in determining the rentals and other terms upon which it will lease or the price at which it will sell the area or parts of it, place an estimated fair market or rental value upon each piece or tract of land within the area which, in accordance with the plan, is to be used for private uses or for low-rent housing. The value shall be based on the planned use. For the purpose of this valuation, the authority may cause a fair market appraisal to be made by two or more land value experts employed by it for the purpose or it may use the land appraisal services of the municipality. Nothing contained in this section shall be construed as requiring the authority to base its rentals or selling prices upon the appraisal. The authority may redetermine its estimated values both prior to and after receipt by it of any proposal or proposals to purchase or lease property.

Subd. 2.Use value.

The aggregate use value placed for purposes of lease or sale upon all land within a project area leased or sold by an authority pursuant to sections [469.001](#) to [469.047](#) shall exclude the cost of old buildings destroyed and the demolition and clearance thereof.

History:

[1987 c 291 s 32](#)

469.033 PUBLIC REDEVELOPMENT COST; PROCEEDS; FINANCING.

Subdivision 1.Financing plans authorized.

The entire cost of a project as defined in section [469.002, subdivision 12](#), including administrative expense of the authority allocable to the project and debt charges and all other costs authorized to be incurred by the authority in sections [469.001](#) to [469.047](#), shall be known as the public redevelopment cost. The proceeds from the sale or lease of property in a project shall be known as the capital proceeds. The capital proceeds from land sold may pay back only a portion of the public redevelopment cost. An authority may finance the projects in any one or by any combination of the following methods.

Subd. 2.Federal grants.

The authority may accept grants or other financial assistance from the federal government as provided in sections [469.001](#) to [469.047](#). Before it uses other financial methods authorized by this section, the authority shall use all federal funds for which the project qualifies.

Subd. 3.Bond issue.

An authority may issue its bonds or other obligations as provided in sections [469.001](#) to [469.047](#).

Subd. 4.Revenue pool; use.

The authority may provide that all revenues received from its redevelopment areas be placed in a pool for the payment of interest and principal on all bonds issued for any redevelopment project, and the revenue from all such areas shall be paid into the pool until all outstanding bonds have been fully paid.

Subd. 5.Special benefit tax fund.

If the authority issues bonds to finance a redevelopment project, it may, with the consent of the governing body obtained at the time of the approval of the redevelopment plan as required in section [469.028](#), notify the county treasurer to set aside in a special fund, for the retirement of the bonds and interest on them, all or part of the real estate tax revenues derived from the real property in the redevelopment area which is in excess of the tax revenue derived therefrom in the tax year immediately preceding the acquisition of the property by the authority. The county treasurer shall do so. This setting aside of funds shall continue until the bonds have been retired. This subdivision applies only to property that the governing body has by resolution designated for inclusion in a project prior to August 1, 1979.

Subd. 6.Operation area as taxing district, special tax.

All of the territory included within the area of operation of any authority shall constitute a taxing district for the purpose of levying and collecting special benefit taxes as provided in this subdivision. All of the taxable property, both real and personal, within that taxing district shall be deemed to be benefited by projects to the extent of the special taxes levied under this subdivision. Subject to the consent by resolution of the governing body of the city in and for which it was created, an authority may levy a tax upon all taxable property within that taxing

district. The tax shall be extended, spread, and included with and as a part of the general taxes for state, county, and municipal purposes by the county auditor, to be collected and enforced therewith, together with the penalty, interest, and costs. As the tax, including any penalties, interest, and costs, is collected by the county treasurer it shall be accumulated and kept in a separate fund to be known as the "housing and redevelopment project fund." The money in the fund shall be turned over to the authority at the same time and in the same manner that the tax collections for the city are turned over to the city, and shall be expended only for the purposes of sections [469.001](#) to [469.047](#). It shall be paid out upon vouchers signed by the chair of the authority or an authorized representative. The amount of the levy shall be an amount approved by the governing body of the city, but shall not exceed 0.0185 percent of estimated market value. The authority shall each year formulate and file a budget in accordance with the budget procedure of the city in the same manner as required of executive departments of the city or, if no budgets are required to be filed, by August 1. The amount of the tax levy for the following year shall be based on that budget.

Subd. 7. Inactive authorities; transfer of funds; dissolution.

The authority may transfer to the city in and for which it was created all property, assets, cash or other funds held or used by the authority. Upon any such transfer, an authority shall not thereafter levy the tax or exercise the redevelopment powers of sections [469.001](#) to [469.047](#). All cash or other funds transferred to the city shall be used exclusively for permanent improvements in the city or the retirement of debts or bonds incurred for permanent improvements in the city. An authority which transfers its property, assets, cash, or other funds shall be dissolved as provided in this subdivision. After a public hearing after ten days' published notice thereof in a newspaper of general circulation in the city, the governing body of a city in and for which an authority has been created may dissolve the authority if the authority has not entered into any contract with the federal government or any agency or instrumentality thereof for a loan or a grant with respect to any urban redevelopment or low-rent public housing project that remains in effect. The resolution or ordinance dissolving the authority shall be published in the same manner in which ordinances are published in the city and the authority shall be dissolved when the resolution or ordinance becomes finally effective. The clerk of the governing body of the municipality shall furnish to the commissioner of employment and economic development a certified copy of the resolution or ordinance of the governing body dissolving the authority. All property, records, assets, cash, or other funds held or used by an authority shall be transferred to and become the property of the municipality and cash or other funds shall be used as herein provided. Upon dissolution of an authority, all rights of an authority against any person, firm, or corporation shall accrue to and be enforced by the municipality.

History:

[1987 c 291 s 33](#); [1987 c 312 art 1 s 26](#) subd 2; [1988 c 719 art 5 s 84](#); [1989 c 209 art 2 s 1](#); [1989 c 277 art 4 s 61](#); [1Sp1989 c 1 art 5 s 35](#); art 9 s 63; [1993 c 320 s 5](#); [1994 c 416 art 1 s 47](#); [1994 c 614 s 9](#); [1997 c 7 art 1 s 142](#); [1997 c 231 art 2 s 43](#); [1Sp2003 c 4 s 1](#); [1Sp2005 c 3 art 1 s 28](#); [2008 c 366 art 5 s 11](#); [2012 c 294 art 2 s 20](#); [2013 c 143 art 14 s 75](#)

469.034 BOND ISSUE FOR CORPORATE PURPOSES.

Subdivision 1. Authority and revenue obligations.

An authority may issue bonds for any of its corporate purposes. The bonds may be the type the authority determines, including bonds on which the principal and interest are payable exclusively from the income and revenues of the project financed with the proceeds of the bonds, or exclusively from the income and revenues of certain designated projects, whether or not they are financed in whole or in part with the proceeds of the bonds. The bonds may be additionally secured by (1) a pledge of any grant or contributions from the federal government or other source, (2) a pledge of any income or revenues of the authority from the project for which the proceeds of the bonds are to be used, or (3) a mortgage of any project or other property of the authority.

Subd. 2. General obligation revenue bonds.

(a) An authority may pledge the general obligation of the general jurisdiction governmental unit as additional security for bonds payable from income or revenues of the project or the authority. The authority must find that the pledged revenues will equal or exceed 110 percent of the principal and interest due on the bonds for each year. The proceeds of the bonds must be used for a qualified housing development project or projects. The obligations must be issued and sold in the manner and following the procedures provided by chapter 475, except the obligations are not subject to approval by the electors, and the maturities may extend to not more than 35 years for obligations sold to finance housing for the elderly and 40 years for other obligations issued under this subdivision. The authority is the municipality for purposes of chapter 475.

(b) The principal amount of the issue must be approved by the governing body of the general jurisdiction governmental unit whose general obligation is pledged. Public hearings must be held on issuance of the obligations by both the authority and the general jurisdiction governmental unit. The hearings must be held at least 15 days, but not more than 120 days, before the sale of the obligations.

(c) The maximum amount of general obligation bonds that may be issued and outstanding under this section equals the greater of (1) one-half of one percent of the estimated market value of the general jurisdiction governmental unit whose general obligation is pledged, or (2) \$5,000,000. In the case of county or multicounty general obligation bonds, the outstanding general obligation bonds of all cities in the county or counties issued under this subdivision must be added in calculating the limit under clause (1).

(d) "General jurisdiction governmental unit" means the city in which the housing development project is located. In the case of a county or multicounty authority, the county or counties may act as the general jurisdiction governmental unit. In the case of a multicounty authority, the pledge of the general obligation is a pledge of a tax on the taxable property in each of the counties.

(e) "Qualified housing development project" means a housing development project providing housing either for the elderly or for individuals and families with incomes not greater than 80 percent of the median family income as estimated by the United States

Department of Housing and Urban Development for the standard metropolitan statistical area or the nonmetropolitan county in which the project is located. The project must be owned for the term of the bonds either by the authority or by a limited partnership or other entity in which the authority or another entity under the sole control of the authority is the sole general partner and the partnership or other entity must receive (1) an allocation from the Department of Management and Budget or an entitlement issuer of tax-exempt bonding authority for the project and a preliminary determination by the Minnesota Housing Finance Agency or the applicable suballocator of tax credits that the project will qualify for four percent low-income housing tax credits or (2) a reservation of nine percent low-income housing tax credits from the Minnesota Housing Finance Agency or a suballocator of tax credits for the project. A qualified housing development project may admit nonelderly individuals and families with higher incomes if:

(1) three years have passed since initial occupancy;

(2) the authority finds the project is experiencing unanticipated vacancies resulting in insufficient revenues, because of changes in population or other unforeseen circumstances that occurred after the initial finding of adequate revenues; and

(3) the authority finds a tax levy or payment from general assets of the general jurisdiction governmental unit will be necessary to pay debt service on the bonds if higher income individuals or families are not admitted.

(f) The authority may issue bonds to refund bonds issued under this subdivision in accordance with section [475.67](#). The finding of the adequacy of pledged revenues required by paragraph (a) and the public hearing required by paragraph (b) shall not apply to the issuance of refunding bonds. This paragraph applies to refunding bonds issued on and after July 1, 1992.

Subd. 3.Revenue from other projects.

No proceeds of bonds issued for or revenue authorized for or derived from any redevelopment project or area shall be used to pay the bonds or costs of, or make contributions or loans to, any public housing project. The proceeds of bonds issued for or revenues authorized for or derived from any one public housing project shall not be used to pay the bonds or costs of, or make contributions or loans to any other public housing project until the bonds and costs of the public housing project for which those bonds were issued or from which those revenues were derived or for which they were authorized shall be fully paid.

Subd. 4.Bond terms.

Neither the commissioners of an authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. Except as provided in subdivision 2, the bonds of an authority shall not be a debt of the city, the state, or any political subdivision, and neither the city nor the state or any political subdivision shall be liable on them, nor shall the bonds be payable out of any funds or properties other than those of the authority; the bonds shall state this on their face. The bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or

restriction, except as provided in subdivision 2. Bonds of an authority are declared to be issued for an essential public and governmental purpose and to be public instrumentalities.

Subd. 5. Tax exemption.

The provisions of sections [469.001](#) to [469.047](#) exempting from taxation authorities, their properties and income, shall be considered additional security for the repayment of bonds and shall constitute, by virtue of sections [469.001](#) to [469.047](#) and without the same being restated in the bonds, a contract between the (1) bondholders and each of them, including all transferees of the bonds, and (2) the respective authorities issuing the bonds and the state. An authority may by covenant confer upon the holder of the bonds the rights and remedies it deems necessary or advisable, including the right in the event of default to have a receiver appointed to take possession of and operate the project. When the obligations issued by an authority to assist in financing the development of a project have been retired and federal contributions have been discontinued, the exemptions from taxes and special assessments for that project shall terminate.

History:

[1987 c 291 s 34](#); [1992 c 511 art 9 s 18](#); [1993 c 320 s 6](#); [2002 c 390 s 7](#); [2005 c 152 art 1 s 15](#); [2009 c 88 art 6 s 17](#); [2009 c 101 art 2 s 109](#); [2013 c 143 art 14 s 76](#); [1Sp2017 c 1 art 7 s 5](#)

469.035 MANNER OF BOND ISSUANCE; SALE.

Bonds of an authority shall be authorized by its resolution. They may be issued in one or more series and shall bear the date or dates, mature at the time or times, bear interest at the rate or rates, be in the denomination or denominations, be in the form either coupon or registered, carry the conversion or registration privileges, have the rank or priority, be executed in the manner, be payable in the medium of payment at the place or places, and be subject to the terms of redemption with or without premium, as the resolution, its trust indenture or mortgage provides. The bonds may be sold in the manner and for the price that the authority determines to be in the best interest of the authority. Notwithstanding any other law, bonds issued pursuant to sections [469.001](#) to [469.047](#) shall be fully negotiable. In any suit, action, or proceedings involving the validity or enforceability of any bonds of an authority or the security for the bonds, any bond reciting in substance that it has been issued by the authority to aid in financing a project shall be conclusively deemed to have been issued for that purpose, and the project shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of sections [469.001](#) to [469.047](#).

In cities of the first class, the governing body of the city must approve all notes executed with the Minnesota Housing Finance Agency pursuant to this section if the interest rate on the note exceeds seven percent.

History:

[1987 c 291 s 35](#),243; [1987 c 344 s 7](#); [2006 c 259 art 9 s 7](#)

469.036 WHEN BOND ALLOCATION ACT APPLIES.

Sections [474A.01](#) to [474A.21](#) apply to any issuance of obligations under sections [469.001](#) to [469.047](#) that are subject to limitation under a federal tax law as defined in section [474A.02, subdivision 8](#).

History:

[1987 c 291 s 36](#); [2000 c 260 s 61](#)

469.037 ENFORCEMENT BY OBLIGEE OF CONTRACTS.

An obligee of an authority shall have the right, subject only to any contractual restrictions binding upon the obligee: (1) by mandamus, suit, action, or proceeding at law or in equity to compel the authority and its commissioners, officers, agents, or employees to perform every term, provision, and covenant contained in any contract of the authority with or for the benefit of the obligee and to require the carrying out of any or all covenants and agreements of the authority and the fulfillment of all duties imposed upon the authority by sections [469.001](#) to [469.047](#); and (2) by suit, action, or proceeding in equity to enjoin any acts or things which may be unlawful or the violation of any of the rights of the obligee of the authority.

History:

[1987 c 291 s 37](#)

469.038 BONDS, A LEGAL INVESTMENT.

When bonds issued by an authority or bonds issued by any public housing authority or agency in the United States are secured by a pledge of annual contributions to be paid by the United States government or any agency thereof, all banks, bankers, trust companies, savings banks and institutions, investment companies, savings associations, insurance companies, insurance associations, and other persons carrying on a banking or insurance business may legally invest any sinking funds, money, or other funds belonging to them or within their control in the bonds, and the bonds shall be authorized security for all public deposits.

History:

[1987 c 291 s 38](#); [1995 c 202 art 1 s 25](#)

469.039 EXEMPTION FROM PROCESS.

All real property of an authority shall be exempt from levy and sale under execution, and no execution or other judicial process shall issue against such property, nor shall any judgment against an authority be a charge or lien against its real property, but judgments may be enforced as provided in section [469.014](#). This section shall not apply to or limit the right of obligees to foreclose or otherwise enforce any mortgage of an authority or the right of obligees to pursue any remedies for the enforcement of any pledge or lien given by an authority on its rents, fees, or revenues, or the right of the federal government to pursue any remedies conferred upon it pursuant to the provisions of sections [469.001](#) to [469.047](#).

History:

[1987 c 291 s 39](#)

469.040 TAX STATUS.**Subdivision 1. Declaration, essential public and governmental purposes.**

The property of an authority is public property used for essential public and governmental purposes. The property and the authority shall be exempt from all real and personal property taxes of the city, the county, the state, or any political subdivision thereof. "Taxes" does not include charges for special assessments or for utilities and special services, such as heat, water, electricity, gas, sewage disposal, or garbage removal. For purposes of this subdivision, "special services" means those physical services provided to a project for which the actual cost of the governing body providing the service can be calculated. When the obligations issued by an authority to assist in financing the development of a project have been retired and federal contributions have been discontinued, or the authority is no longer obligated by contracts with the federal government to maintain a project as a low-income housing project, whichever is later, then the exemptions from taxes for that project shall terminate.

Subd. 2. Leased property, exception.

Notwithstanding the provisions of subdivision 1, any property other than property to be operated as a parking facility that the authority leases to private individuals or corporations for development in connection with a redevelopment project shall have the same tax status as if the leased property were owned by the private individuals or corporations. This subdivision does not apply to leases by the authority to individuals or families for residential use.

Subd. 3. Statement filed with assessor; percentage tax on rentals.

Notwithstanding the provisions of subdivision 1, after a housing project or a housing development project carried on under sections [469.016](#) to [469.026](#) has become occupied, in whole or in part, an authority shall file with the assessor, on or before April 15 of each year, a statement of the aggregate shelter rentals of that project collected during the preceding calendar year. Unless a greater amount has been agreed upon between the authority and the governing body or bodies for which the authority was created, in whose jurisdiction the project is located, five percent of the aggregate shelter rentals shall be charged to the authority as a service charge for the services and facilities to be furnished with respect to that project. The service charge shall be collected from the authority in the manner provided by law for the assessment and collection of taxes. The amount so collected shall be distributed to the several taxing bodies in the same proportion as the tax rate of each bears to the total tax rate of those taxing bodies. The governing body or bodies for which the authority has been created, in whose jurisdiction the project is located, may agree with the authority for the payment of a service charge for a housing project or a housing development project in an amount greater than five percent of the aggregate annual shelter rentals of any project, upon the basis of shelter rentals or upon another basis agreed upon. The service charge may not

exceed the amount which would be payable in taxes were the property not exempt. If such an agreement is made, the service charge so agreed upon shall be collected and distributed in the manner above provided. If the project has become occupied, or if the land upon which the project is to be constructed has been acquired, the agreement shall specify the location of the project for which the agreement is made. "Shelter rental" means the total rentals of a housing project exclusive of any charge for utilities and special services such as heat, water, electricity, gas, sewage disposal, or garbage removal. "Service charge" means payment in lieu of taxes. The records of each project shall be open to inspection by the proper assessing officer.

Subd. 4. Facilities funded from multiple sources.

In the metropolitan area, as defined in section [473.121, subdivision 2](#), the tax treatment provided in subdivision 3 applies to that portion of any multifamily rental housing facility represented by the ratio of (1) the number of units in the facility that are constructed with funds provided under Section 5 of the United States Housing Act of 1937, and are receiving operating subsidy under Section 9 or rental assistance under Section 8 of the United States Housing Act of 1937 as the result of the implementation of a federal court order or consent decree to (2) the total number of units within the facility.

The housing and redevelopment authority for the city in which the facility is located, any public entity exercising the powers of such housing and redevelopment authority, or the county housing and redevelopment authority for the county in which the facility is located, shall annually certify to the assessor responsible for assessing the facility, at the time and in the manner required by the assessor, the number of units in the facility that are constructed with funds provided under Section 5 of the United States Housing Act of 1937, and are receiving operating subsidy under Section 9 or rental assistance under Section 8 of the United States Housing Act of 1937.

Nothing in this subdivision shall prevent that portion of the facility not subject to this subdivision from meeting the requirements of section [273.128](#), and for that purpose the total number of units in the facility must be taken into account.

Subd. 5. Designated housing corporation.

(a) To the extent not exempt from taxation under section [272.01, subdivision 1](#), property located within the exterior boundaries of an Indian reservation in the state that is owned by the tribe's designated housing entity as defined in United States Code, title 25, section 4103(21), and that is a housing project or a housing development project, as defined in section [469.002](#), subdivisions 13 and 15, is exempt from all real and personal property taxes of the city, the county, the state, or any political subdivision thereof.

(b) Property exempt from taxation under paragraph (a) is subject to subdivision 3. A copy of those portions of the annual reports submitted on behalf of the housing entity to the Secretary of the United States Department of Housing and Urban Development for the project that contain information sufficient to determine the amount due under subdivision 3 satisfies the reporting requirements of subdivision 3 for the project.

History:

[1987 c 291 s 40](#); [1989 c 277 art 2 s 61](#); [1990 c 532 s 9,10](#); [1993 c 375 art 5 s 34](#); [1996 c 471 art 3 s 38](#); [1997 c 231 art 2 s 44](#); [2000 c 260 s 62](#); [2000 c 490 art 5 s 33](#); [1Sp2001 c 5 art 3 s 67](#); [2008 c 366 art 15 s 19](#); [2009 c 88 art 2 s 32,33](#)

469.041 STATE PUBLIC BODIES, POWERS AS TO PROJECTS.

For the purpose of aiding and cooperating in the planning, undertaking, construction, or operation of projects, any state public body may upon the terms, with or without consideration, as it may determine:

(1) dedicate, sell, convey, or lease any of its interests in any property, or grant easements, licenses, or any other rights or privileges therein to an authority. Except in cities of the first class having a population of less than 200,000, the public body may pay the bonds of or make loans or contributions for redevelopment projects, and the receipt or expenditure of any money expended hereunder by the state public body shall not be included within the definition of any limitation imposed on per capita taxing or spending in the charter of the state public body. No state public body may use any revenues or money of that state public body to pay the bonds of or make any loans or contributions to any public housing project, except to a public low-rent housing project (i) for which financial assistance is provided by the federal government which requires a municipality or other local public body to use its revenues or money for a direct loan or grant to the project as a condition for federal financial assistance and (ii) where the local financial assistance for the project is authorized by resolution of the governing body of the municipality;

(2) cause parks, playgrounds, recreational, community, education, water, sewer or drainage facilities, or any other works which it may undertake, to be furnished adjacent to or in connection with such projects;

(3) approve, through its governing body or through an agency designated by it for the purpose, redevelopment plans, plan or replan, zone or rezone its parks; in the case of a city or town, make changes in its map; the governing body of any city may waive any building code requirements in connection with the development of projects;

(4) cause services to be furnished to the authority of the character which it may otherwise furnish;

(5) enter into agreements with respect to the exercise by it of its powers relating to the repair, closing, or demolition of unsafe, unsanitary, or unfit buildings;

(6) do any and all things necessary or convenient to aid and cooperate in the planning, undertaking, construction, or operation of the projects;

(7) incur the entire expense of any public improvements made by it in exercising the powers granted in sections [469.001](#) to [469.047](#);

(8) enter into agreements with an authority respecting action to be taken by the state public body pursuant to any of the powers granted by sections [469.001](#) to [469.047](#); the agreements may extend over any period, notwithstanding any law to the contrary;

(9) furnish funds available to it from any source, including the proceeds of bonds, to an authority to pay all or any part of the cost to the authority of the activities authorized by section [469.012, subdivision 1h](#); and

(10) with respect to a housing development project and bonds which an authority has issued for the project, exercise the powers available to a city under section [471.191, subdivision 2](#), as though the project were a recreational program; provided that this power may only be exercised by a city or county in which the project is located or in accordance with a joint powers agreement with other cities or counties that have authorized the exercise of the powers for other projects as part of a common financing plan.

History:

[1987 c 291 s 41](#); [1995 c 256 s 7](#)

469.042 AGREEMENT ON TAX INCREMENTS; EQUIVALENTS.

Subdivision 1.General.

Any city or other state public body within the limits of which a project of an authority is wholly or partially located may agree with the authority with respect to payment by the authority of sums in lieu of taxes for any year or period of years in accordance with the provisions of section [469.040](#), but for no longer than the period of tax exemption provided for under that section. If property owned by the authority in a redevelopment project area is leased or otherwise made available by the authority to a private individual, firm, or corporation which previously owned the same or other property within the area, not for development in connection with the project but for temporary use pending relocation of the former owner's residence or business, the authority may agree to payment of sums in lieu of taxes for any year or period of temporary use. The payments shall not exceed the amount of the annual rentals or other payments it receives for the use. During the use the property and the authority shall be exempt from all taxes and special assessments as provided in section [469.040](#), and the provisions of section [272.01, subdivision 2](#) and of section [273.19](#) shall not apply to the property or to that use. In connection with any redevelopment project, an authority may make further agreements respecting taxes as provided below.

Subd. 2.

[Repealed, [2012 c 294 art 2 s 43](#)]

Subd. 3.

[Repealed, [2012 c 294 art 2 s 43](#)]

Subd. 4.

[Repealed, [2012 c 294 art 2 s 43](#)]

History:

[1987 c 291 s 42](#); [1988 c 719 art 5 s 84](#); [1989 c 329 art 13 s 20](#); [1Sp1989 c 1 art 2 s 11](#)

469.043 [Repealed, [2012 c 294 art 2 s 43](#)]

469.044 BOND PENDING LITIGATION.

When any action or proceeding at law or in equity is commenced, drawing in question the right, power, or authority of a public corporation created and operating under sections [469.001](#) to [469.047](#) to do any act or to make or perform any contract or agreement or to undertake or enter upon the discharge of any obligations or commitments under those statutes, the corporation may, if it deems that the pendency of the litigation might directly or indirectly impair its borrowing power, increase the cost of its projects, or be otherwise injurious to the public interest, move the court in which the litigation is pending to require the party who instituted the suit to give a surety bond as provided in sections [469.045](#) to [469.047](#).

History:

[1987 c 291 s 44](#)

469.045 APPEARANCE OF PUBLIC CORPORATION; BOND.

If the public corporation is not a party to the litigation described in section [469.044](#) it may appear specially for the purpose of making and being heard on such a motion. Three days' notice of hearing on the motion shall be given. If the court determines that loss or damage to the public or taxpayers may result from the pendency of the action or proceeding, the court may require the party who instituted it to give a surety bond, approved by the court or judge, in a penal sum to be determined by the court to protect against loss or damage, whether or not a temporary injunction or restraining order against the corporation has been demanded or ordered. If the bond so ordered is not filed within the reasonable time allowed by the court, the action or proceeding shall be dismissed with prejudice. The bond shall be executed by the party who instituted the litigation or some person for that party as principal and conditioned for the payment to the corporation of any damage the public and taxpayers sustain by reason of the litigation, if the court finally determines that the party was not entitled to the relief sought. The amount of damages may be ascertained by a reference or otherwise as the court shall direct, in which case the sureties shall be concluded as to the amount but the damages shall be recoverable only in an action on the bond. If the party by or for whom the bond is furnished prevails in the litigation, the premium paid on the bond shall be repaid by or taxed against the corporation. During the pendency of the litigation, the court, on motion, may require additional security if found necessary, and upon failure to furnish it shall dismiss the action or proceeding with prejudice. The court may likewise, on motion, reduce the amount of a bond theretofore required or release the bond upon a showing that the amount is excessive or the bond no longer required.

History:

[1987 c 291 s 45](#)

469.046 ADVANCE OF LITIGATION ON CALENDAR.

In any litigation described in sections [469.044](#) and [469.045](#), in which a bond has been required and given or the court has denied a motion to require a bond, the court shall advance the case on its calendar for trial at the earliest feasible date. An appeal from an appealable order made, or from a judgment entered in a district court may be taken after 30 days from entry of the judgment or after written notice of the order from the adverse party.

History:

[1987 c 291 s 46](#)

469.047 SUIT FOR CIVIL DAMAGES.

Nothing in sections [469.044](#) to [469.047](#) shall affect the rights of any person to bring a suit for civil damages. No bond shall be required in such a suit except as otherwise provided by law.

History:

[1987 c 291 s 47](#)