

HOUSE RESEARCH

Bill Summary

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Authors: Isaacson and others

Subject: Ramsey County Housing and Redevelopment Authority (HRA)

Analyst: Deborah A. Dyson

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Authorizes the Ramsey County HRA to exercise housing improvement district powers. The HRA would be allowed to do this by resolution, rather than ordinance, as is required for cities exercising those powers. The city in which the housing improvement area would be established may veto it by resolution. Effective the day following final enactment.

In 2013, the Dakota County Community Development Agency was given the authority that the Ramsey County HRA is requesting in this bill. See Laws 2013, chapter 143, article 12, section 7.

Housing Improvement Areas Background

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

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

The improvements that may be made under this law include improvements to the common elements in a condominium complex or townhome development. Examples include roofing, siding, landscaping, roadways, and walkways.

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

- describes the area specifically;
- states the basis for imposing fees and the number of years the fees will be imposed;

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- makes a finding that without the HIA, the proposed improvements could not be made; and
- specifies if the city, the EDA, or HRA will implement the ordinance.

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

Notice, public hearing, ordinance. Before adopting the ordinance, the city must hold a public hearing at which the proposed improvements, affected housing units, and the exempt units are listed. Fees can be imposed on the basis of the tax capacity (value) of the housing unit, total square footage of the housing unit, or a method determined by the city and specified in the resolution. Before a city uses an alternative method to set fees, it must make a finding that the alternative basis is more fair and reasonable. Potentially affected property owners may testify at the hearing. Those property owners may object in writing, and if the city agrees, may be excluded from the area or fee imposed.

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

The city may finance the housing improvements by:

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

Before imposing fees, the city must provide public notice and hold a public hearing. Within six months of the conclusion of the public hearing, the city may adopt a resolution to impose the fees.

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