

A bill for an act
relating to cities; authorizing counties and cities to establish a main street and
neighborhood revitalization program; appropriating money; proposing coding for
new law in Minnesota Statutes, chapter 469.

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

Section 1. **[469.1832] CITATION.**

Sections 469.1832 to 469.1839 may be cited as the "Main Street and Neighborhood
Revitalization and Reinvestment Act."

Sec. 2. **[469.1833] PROGRAM AUTHORITY.**

Subdivision 1. **Authority to establish.** The governing body of a county may, by
resolution, establish a main street revitalization and reinvestment program for cities or
their neighborhoods in the county to undertake efforts to:

(1) provide a safe and healthy environment for residents of participating cities or
their neighborhoods;

(2) increase the economic and social stability of participating cities and their
neighborhoods; and

(3) make participating cities and their neighborhoods a better place to live, work,
learn, and play.

Subd. 2. **Minimum required program contents.** (a) A county establishing a
program under this section must establish a mechanism for a city or a neighborhood of a
city to elect to participate in the program.

(b) For each participating city or neighborhood, the program must include the
following:

(1) designation of the level at which planning and implementation of the program will occur;

(2) a strategy for resident participation and empowerment; and

(3) action plans developed by residents at the lowest geographic area of organization recognized by the city and its residents.

(c) The program may contain any other provisions that the county, city, and neighborhood determine are appropriate to carry out its purposes and are not inconsistent with the provisions of sections 469.1832 to 469.1839.

Sec. 3. [469.1834] DEFINITIONS.

Subdivision 1. **Scope.** For purposes of sections 469.1832 to 469.1839, the terms defined in this section have the meanings given.

Subd. 2. **Board.** "Board" means the program oversight board established by the county under section 469.1835.

Subd. 3. **City.** "City" means a statutory or home rule charter city.

Subd. 4. **Commissioner.** "Commissioner" means the commissioner of the Department of Employment and Economic Development.

Subd. 5. **Program.** "Program" means a main street and neighborhood revitalization and reinvestment program established under the authority of section 469.1833.

Subd. 6. **Program money.** "Program money" means money received from the state under section 469.1838 or provided by the county, city, or other governmental unit or from other sources to finance the program.

Sec. 4. [469.1835] PROCESS; RESIDENT PARTICIPATION.

Subdivision 1. **Process required.** A county, city, or neighborhood establishing or participating in a program must follow the processes under this section.

Subd. 2. **Action plan required.** (a) Each program must be based on an action plan. Residents of the city or the participating neighborhood, if the planning department of the city recognizes or has designated separate geographic areas of the city as neighborhoods, must participate in developing and preparing the action plan and must approve the final plan.

(b) Action plans must be developed at the city level, if the city has not previously identified or designated neighborhoods within the city, or at the neighborhood level, if the city recognizes or has designated neighborhoods.

Subd. 3. **Oversight board.** (a) The county shall establish an oversight board for the program, including specifying the number of members and their terms, and shall

provide a process for selecting members of the board that is consistent with the provisions of this subdivision.

(b) The board shall govern the planning and implementation process for the program.

(c) Members of the board consist of the following two groups:

(1) 75 percent of the members must be residents of the county and may not include elected members of the governing bodies of the county, city, or the legislature; and

(2) 25 percent of the members must be selected by the resident members under clause (1) and may include elected officials, business owners, labor organization representatives, and countywide community organizations.

Sec. 5. [469.1836] OVERSIGHT BOARD DUTIES AND POWERS.

Subdivision 1. **General.** The oversight board for a program has the powers and duties granted by this section.

Subd. 2. **Action plans.** The board shall:

(1) identify and recognize the organization or organizations responsible for facilitating the action plan development and implementation process for each geographic area below the county level for which planning will occur; and

(2) review, modify where appropriate, and approve, in whole or in part, action plans.

Subd. 3. **Bylaws.** The board shall adopt bylaws for its governance.

Subd. 4. **Funding; budget.** (a) The board shall prepare an annual administrative budget for the calendar year, estimating its expenditures and revenues.

(b) The board may approve the appropriation of program funds for implementation of the action plans.

(c) The board may solicit and accept gifts, donations, and appropriations from governmental or nongovernmental sources.

Subd. 5. **Authority to contract and hire.** The board may:

(1) execute and manage any needed contracts, memorandums of understanding, or other documents to implement approved plans;

(2) hire, retain, discipline, and terminate a director to direct its activities and accomplish its program. The director may hire necessary staff as authorized by the board;

(3) enter into contracts, leases, purchases, or other documents to accomplish its undertakings; and

(4) enter into agreements with governmental units and governing boards of nongovernmental organizations for services required to fulfill the program oversight board's purposes and implement actions contained in approved action plans.

4.1 Subd. 6. **Allocation of program money.** The board must develop an allocation
4.2 formula for the distribution of the funds that it receives from the state under section
4.3 469.1838 and from other sources, as applicable. The formula must give priority to cities
4.4 with defined neighborhood boundaries and organizations.

4.5 Subd. 7. **Review and oversight of program operations.** The board shall
4.6 periodically review the activities funded with program money to determine if the
4.7 expenditures are in compliance with both the purposes of the program and with the action
4.8 plans.

4.9 **Sec. 6. [469.1837] PERMITTED USES OF FUNDS.**

4.10 (a) Program money may only be expended for the purposes provided in this section.

4.11 (b) Program money may be used to:

4.12 (1) provide for the operation and administration of the board, but no more than 20
4.13 percent of the funds received under section 469.1838, subdivision 2, may be expended
4.14 for this purpose;

4.15 (2) develop action plans;

4.16 (3) support the organizations developing and implementing the action plans; and

4.17 (4) implement action plan strategies.

4.18 (c) Permitted action plan strategies and purposes for spending the money include to:

4.19 (1) reduce blight by acquiring, clearing, or rehabilitating properties that cause or
4.20 may cause a decline in the value of other properties in the area or increase the probability
4.21 that other properties in the area will be allowed to physically deteriorate;

4.22 (2) provide support to businesses revitalizing existing commercial and industrial
4.23 properties that will provide employment opportunities paying a livable income and needed
4.24 services or products to the residents of the city or neighborhood where the property being
4.25 revitalized is located;

4.26 (3) rehabilitate, renovate, or replace neighborhood-level commercial and retail
4.27 facilities needed to maintain neighborhood vitality;

4.28 (4) eliminate hazardous waste and pollution and return land to productive use;

4.29 (5) promote environmentally sound building practices and improve the quality of
4.30 the physical environment;

4.31 (6) support efficient and environmentally sound transportation options;

4.32 (7) improve the health and well-being of the residents of the neighborhood and city;

4.33 (8) improve the existing housing stock for the residents in those properties;

4.34 (9) construct new market rate housing, if needed and where appropriate;

(10) rehabilitate and construct new low-income, affordable rental or ownership housing;

(11) remove vacant, boarded, or foreclosed homes that are substandard and for which rehabilitation costs exceed market value;

(12) provide social and educational programs to improve the quality of life of residents;

(13) provide programs, projects, activities, or services to improve the quality of life for new Americans and to assist with their integration into the civic life of the city and neighborhood; and

(14) rehabilitate or construct public infrastructure identified as needed by residents of the city or neighborhood to further the purposes of the program.

Sec. 7. [469.1838] PROGRAM FUNDING; APPROPRIATION.

Subdivision 1. **Appropriation.** \$..... is appropriated from the general fund each fiscal year to the commissioner to provide funding for the program.

Subd. 2. **Distribution formula.** (a) By March 15 of each fiscal year, the commissioner shall pay to each qualifying county its allocation of the appropriation under subdivision 1, as provided under paragraphs (b) and (c).

(b) For purposes of this subdivision, a qualifying county means a county that has:

(1) adopted a resolution establishing the program and created an oversight board; and

(2) notified the commissioner within the time prescribed by the commissioner that it satisfies the requirements of clause (1) and provided the commissioner with the data necessary to calculate the formula factors under paragraph (c), clauses (5) to (7), for the county.

(c) The commissioner shall allocate the appropriation under subdivision 1 among the qualifying counties based on each county's sum of the following factors, divided by seven:

(1) the county's population, divided by the total population of all qualifying counties;

(2) the number of households in the county with incomes below the federal poverty level, divided by the number of households with income below the poverty level in all qualifying counties;

(3) population of the county that is older than age 65, divided by the population of all qualifying counties that is older than age 65;

(4) population of the county that is younger than age 19, divided by the population of all qualifying counties that is younger than age 19;

(5) the number of single-family residential properties in the county that are boarded or vacant, divided by the number of single-family residential properties in all qualifying counties that are boarded or vacant;

(6) the area of the county that has been designated or recognized by cities in the county as neighborhoods, divided by the total area of all qualifying counties designated by cities in the county as neighborhoods; and

(7) the number of acres of property in the county that is zoned industrial or the equivalent and is vacant or undeveloped, divided by the number of acres of property in all qualifying counties that is zoned industrial or the equivalent and is vacant or undeveloped.

(d) The commissioner shall use the most recently available and reliable government data from the state demographer, the federal Bureau of the Census, or other sources to calculate the formula factors under paragraph (c), clauses (1) to (4). The commissioner shall use data provided by applicant counties to calculate the formula factors under paragraph (c), clauses (5) to (7).

Subd. 3. **Permitted use of federal funds.** (a) The state, a county, or a city may use any federal funds for the purposes of sections 469.1832 to 469.1839, if such use of the money is allowed under federal law.

(b) If the state determines to use federal funds under the authority in paragraph (a), the commissioner shall allocate those funds to counties, along with the appropriation in subdivision 1, unless the terms or conditions on the federal funds require otherwise. Any federal grants and aids or other money received by the state and permitted to be used under this subdivision are appropriated to the commissioner for that purpose.

Subd. 4. **Permitted use of TIF.** A city or county may allocate tax increments, as defined in section 469.174, to be used for a program with operations in the county in which the city is located. This authority is limited to increments from districts that are not subject to the provisions of section 469.1763 or to increments that are permitted to be expended outside of the geographic area of the district under section 469.1763, subdivision 2. Increments qualifying under this authority may be expended for any of the permitted purposes of the program, notwithstanding the limitations on spending increments that apply under sections 469.174 to 469.178. These revenues may be spent as provided under sections 469.1832 to 469.1839.

Subd. 5. **Permitted use of abatement.** A city, county, or school district may, by resolution, allocate revenues it derives from an abatement under section 469.1813 to a program located in its county. These revenues may be spent as provided under sections 469.1832 to 469.1839.

7.1 Sec. 8. **[469.1839] REPORTING.**

7.2 (a) By August 1 of each year, a county receiving an allocation under section
7.3 469.1838, subdivision 2, in a prior calendar year shall report to the commissioner on
7.4 its activities during that calendar year. The report must be in the form and include
7.5 the contents specified by the commissioner and must include the most recent financial
7.6 statement for the program.

7.7 (b) The board must file copies of its bylaws, adopted action plans, and policies with
7.8 the commissioner within 60 days after their adoption or amendment.

7.9 (c) The requirement to file reports under this section does not apply to a county in
7.10 the third calendar year after the last year in which it received an allocation and payment
7.11 under section 469.1838.