

[179.44] **Unfair labor practice.** Sec. 5. The violation of any provision of Sec. 2 of this act is hereby declared to be an unfair labor practice and an unlawful act.

[179.45] **Rights and remedies.** Sec. 6. Any person who shall be affected by, or subjected to, or threatened with a secondary boycott, or any of the acts declared to be unlawful by this act, shall have all the rights and remedies provided for in Minnesota Statutes 1945, Chapter 179, but shall not be restricted to such remedies.

[179.46] **Limitations; federal act.** Sec. 7. Nothing in this Act shall be construed as requiring any person to work or perform services against his will for any other person, nor to prohibit a strike, picketing or bannering which is otherwise lawful under the statutes and laws of this state; nothing in this Act shall be construed to apply to the refusal by an employee to enter upon the premises of an employer other than his own employer when the employees of such other employer are engaged in a strike which is not an unfair labor practice, but does not include any person subject to the Federal Railway Labor Act as amended from time to time.

[179.47] **Severable.** Sec. 8. The provisions of this Act are severable, and if any provision of this Act or the application thereof to any person or circumstances shall be adjudged to be invalid by any court of competent jurisdiction, such invalidity shall not affect the provisions or applications of this Act which can be given effect without the provision or application held invalid.

[179.48] **Construction.** Sec. 9. Nothing herein contained is intended or shall be construed to repeal Minnesota Statutes 1945, Chapter 179, or any part or parts thereof.

Approved April 23, 1947.

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CHAPTER 487—S. F. No. 1050

[Coded as Sections 462.411 to 462.711]

*An act relating to the replanning, rehabilitation, and rebuilding of substandard, slum, blighted, and other areas in this state and to the furnishing of decent, safe, and sanitary housing for veterans, servicemen, and persons of low income, and their families; creating local housing and redevelopment authorities and defining their powers and duties; providing for*

*cooperation with private enterprise in accomplishing the purposes of the act; providing methods of financing and authorizing the acceptance of federal and other aid; authorizing the creation of limited dividend corporations to engage in redevelopment and defining their powers and duties; providing certain limited tax exemptions; authorizing financial institutions, insurance companies, fiduciaries, and others to invest in securities of authorities and redevelopment companies and to otherwise cooperate with them; granting powers to insurance companies in connection with redevelopment companies; defining powers of the state housing commission and other state agencies and officers in the administration of the act; granting to municipalities, authorities, and other public bodies the powers necessary for accomplishing the purposes of the act; and repealing Minnesota Statutes 1945, Sections 462.41 to 462.81, inclusive.*

Be it enacted by the Legislature of the State of Minnesota :

#### ARTICLE I.

[462.411] **Citation.** Section 1. This act may be cited as the "Municipal Housing and Redevelopment Act".

[462.415] **Purpose; public interest; declaration of policy.** Sec. 2. Subdivision 1. It is hereby declared that there is not in this state a sufficient supply of adequate, safe, and sanitary dwelling accommodations and that in certain urban and rural areas thereof there exist substandard conditions and unsafe and unsanitary housing which, by reason of sociological and technological changes, dilapidation, obsolescence, overcrowding, and faulty arrangement or design of building and improvements, lack of public facilities, ventilation, light and sanitary facilities, excessive land coverage, or deleterious land use, or obsolete layout, or any combination of these and other factors, are injurious to the health, safety, morals, and welfare of the citizens of this state, cause an increase and spread of crime, juvenile delinquency, and disease, inflict blight upon the economic value of large areas, and, by impairing the value of private investments, threaten the source of public revenues while decentralizing communities to areas improperly planned and not related to public facilities, and require many persons of low income to occupy unsafe, unsanitary, and overcrowded dwellings.

It is found that the public interest requires the clearance, replanning, reconstruction, and neighborhood rehabilitation of such substandard and unsanitary areas, and the provision of decent, safe, and sanitary housing for persons of low income

and their families; that such redevelopment and the provision of such housing for persons of low income and their families are essential to protect the sources of public revenues; that, in order to protect the financial stability of communities, it is necessary to redevelop substandard and blighted areas according to a comprehensive community plan for development and by encouraging the production of housing properly planned and related to public facilities; that these conditions cannot be remedied by the ordinary operations of private enterprise or by regulation alone; that provision must be made to encourage private enterprise to engage in redevelopment or to provide housing facilities in substandard areas, to be constructed in accordance with such comprehensive plan; that provision must also be made to encourage investment of funds in, and for the acquisition by private enterprise at fair prices of, real property required for such purposes in substandard areas, and for public assistance thereto, and to encourage immediate development by the granting of partial tax exemptions where justified as hereinafter determined; that local public bodies must be created and authorized to undertake redevelopment and to provide decent, safe, and sanitary low-rent housing for persons of low income and their families where a supply of low-rent housing for families of low income and adequate redevelopment of substandard areas cannot be accomplished at a cost which would warrant private initiative to provide such housing or to undertake such redevelopment, subject to the policy of this state that before public participation is authorized or undertaken it shall be locally determined as hereinafter provided that the fulfillment of these needs cannot be met through reliance solely upon private initiative.

It is hereby declared to be the policy to protect and promote the welfare of the citizens of this state by employing all means necessary and appropriate to satisfy the foregoing needs; that the cooperation of the state and its subdivisions is necessary to accomplish such purposes; that (1) the clearance, replanning, and reconstruction, rehabilitation, and modernization of substandard areas and the provision of decent, safe, and sanitary housing for persons of low income and their families by local public bodies and (2) the participation in such redevelopment projects and the provision of adequate housing properly planned and related to public facilities in such substandard areas, according to a redevelopment plan as herein provided, by private enterprise, with or without partial tax exemptions, are public uses and purposes for which private property may be acquired and public money may be

spent; that these conditions require the creation of the authorities, instrumentalities, and corporations hereafter prescribed to expedite the provision of adequate housing and for the purpose of attaining the ends herein recited, and the necessity in the public interest for the provisions hereinafter enacted is hereby declared as a matter of legislative determination.

[462.421] **Definitions.** Sec. 3. Subdivision 1. Unless the context clearly indicates otherwise, the following terms, for the purposes of this act, shall have the meanings, respectively, ascribed to them in this section.

Subd. 2. "**Authority**" means a housing and redevelopment authority created or authorized to be created by this act.

Subd. 3. "**Municipality**" means a city, village, or borough, however organized.

Subd. 4. "**State public body**" means any municipality, commission, district, authority, or other political subdivision or instrumentality of this state.

Subd. 5. "**Governing body**" means the council, board of trustees, or other body charged with governing any municipality or other state public body.

Subd. 6. "**Mayor**" means the mayor of a city, or the mayor or president of a village or borough.

Subd. 7. "**Clerk**" means the clerk of a city, village, or borough, or the officer of any other state public body charged with the duties customarily imposed on the clerk of a municipality.

Subd. 8. "**Area of operation**" means, in the case of an authority created in and for a city, village, or borough, the area within the territorial boundaries of that municipality.

Subd. 9. "**Federal government**" includes the United States of America, the federal public housing authority, or any other department, agency, or instrumentality, corporate or otherwise, of the United States of America.

Subd. 10. "**Federal legislation**" includes the "United States Housing Act of 1937", Public Act No. 412 of the 75th Congress of the United States, any act in amendment thereof or in addition thereto, and any other legislation of the Congress of the United States relating to federal assistance for clearance of substandard or decadent areas, land assembly, redevelopment projects, or housing.

Subd. 11. "**Blighted area**" means any area, including slum areas, 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 or 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. **"Housing project"** means any work or undertaking:

(1) To demolish, clear, or remove buildings from any blighted area acquired by the authority; or

(2) To provide decent, safe, and sanitary urban dwellings, apartments, or other living accommodations for persons of low income, or for veterans and servicemen, and their families; or

(3) To accomplish a combination of the foregoing.

Such work or undertaking may include 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.

The term "housing project" also may be applied to the planning of the buildings and improvements, the acquisition of property, the demolition of existing structures, the construction, reconstruction, alteration, and repair of the improvements and all other work in connection therewith.

Subd. 13. **"Redevelopment project"** shall mean 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 acquire real property where the condition of the title, the diverse ownership of the land to be assembled, the street or lot layouts, or other conditions prevent a proper development of the property, and the acquisition of the area by the authority is necessary to carry out a redevelopment plan;

(3) To clear any areas acquired and install, construct, or reconstruct streets, utilities, and site improvements essen-

tial to the preparation of sites for uses in accordance with the redevelopment plan;

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

(5) To accomplish a combination of the foregoing to carry out a redevelopment plan.

Subd. 14. **“Project”** means a housing project or a redevelopment project, or both. 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 housing project or redevelopment project, as the case may be.

Subd. 15. **“Redevelopment plan”** means a plan approved by the governing body (or agency designated by it for that purpose or authorized by law so to act) of each municipality in which any of the area to be covered by a redevelopment project is situated, which plan provides an outline for the development or redevelopment of such area and is sufficiently complete (1) to indicate its relationship to definite local objectives as to appropriate land uses and improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements; (2) to indicate proposed land uses and building requirements in such areas; and (3) to indicate the method for the temporary relocation of persons living in such areas; and also the method for providing, unless already available, decent, safe, and sanitary dwellings substantially equal in number to the number of substandard dwellings to be cleared from said area, at rents within the financial reach of the income groups displaced from such substandard dwellings.

Subd. 16. **“Persons of low income”** means persons or families who lack the amount of income which is necessary (as determined by the authority undertaking a project in accordance with the provisions of this act) to enable them, without financial assistance, to live in decent, safe, and sanitary dwellings, without overcrowding.

Subd. 17. **“Bonds”** means any bonds (including refunding bonds), notes, interim certificates, debentures, or other obligations issued by an authority pursuant to this act.

Subd. 18. **“Real property”** includes all lands, including 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. 19. "**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. 20. "**Redevelopment company**" means only a limited dividend corporation created pursuant to article IX of this act.

Subd. 21. "**The commission**" means the state housing commission.

Subd. 22. "**Veterans**" means persons who have served in the military or naval forces of the United States during World War II.

Subd. 23. "**Servicemen**" means persons in the military or naval forces of the United States who served therein during World War II.

Subd. 24. "**Person**" means any individual, firm, partnership, corporation, company association, joint stock association, or body politic; and includes any trustee, receiver, assignee, or other similar representative thereof.

## ARTICLE II.

[462.425] **Municipal housing and redevelopment authority.** Sec. 4. Subdivision 1. **Preliminary municipal findings and declaration.** There is hereby created in each municipality in this state a public body corporate and politic, to be known as the housing and redevelopment authority in and for that municipality; provided, however, that no such authority shall transact any business or exercise any powers until the governing body of the municipality shall, by proper resolution, find that in such municipality (1) substandard, slum, or blighted areas exist which cannot be redeveloped without government assistance, (2) adequate housing accommodations are not available to veterans and servicemen and their families, or (3) 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 municipality. In determining whether dwelling accommodations are unsafe or unsanitary, or whether substandard, slum, or blighted areas exist, the governing body may take into consideration the degree of deterioration, obso-

lescence, or overcrowding, the percentage of land coverage, the light, air, space, and access available to inhabitants of such dwelling accommodations, the size and arrangement of rooms, the sanitary facilities, the extent to which conditions exist in such buildings which 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; notice; publication; resolution.** The governing body of a municipality shall consider such a resolution only after a public hearing thereon after ten days' published notice in a newspaper of general circulation in the municipality. Opportunity to be heard shall be granted to all residents of the municipality and its environs 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. Sufficiency and conclusiveness of resolution.** When the resolution becomes finally effective, it shall be deemed sufficient and conclusive for all purposes, including the policy requirements of Article I, Section 2, if it declares that there is need locally for an authority and finds in substantially the terms provided in subdivision 1 of this section that the conditions therein described exist.

**Subd. 4. Certified copy filed with state housing commission.** When the resolution becomes finally effective, the clerk of the municipality shall file a certified copy thereof with the state housing commission. 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 the filing of that certified copy of the resolution with the state housing commission, and proof of the resolution and of that filing may be made in any such suit, action, or proceeding by a certificate of the director of housing under the seal of the state housing commission.

**Subd. 5. Authority consists of five commissioners.** An authority shall consist of five commissioners, who shall be residents of the area of operation of the authority, who shall be appointed after the resolution provided for in this section becomes finally effective. No public officer or employee shall be eligible to serve as a commissioner, but a commissioner may be a notary public.

**Subd. 6. Appointment; approval; term; vacancy.** The commissioners constituting an authority 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 in the same manner in which the original appointment was made.

**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 thereof shall be transmitted to the state housing commission. Whenever the membership of an authority is changed by reason of a new appointment, a certificate of that appointment and a certified copy thereof shall be promptly so filed. A certificate so filed shall be conclusive evidence of appointment or change in membership. Commissioners are likewise referred to in this act as "members" of an authority.

[462.431] **Sec. 5. No interest in project.** No commissioner or employee of an authority shall acquire any interest, direct or indirect, in any project or in any property included or planned to be included in any project, nor shall he have any interest, direct or indirect, in any contract or proposed contract for materials or services to be furnished or used in connection with any project. If any commissioner or employee of an authority previously owned or controlled an interest, direct or indirect, in any property included or planned to be included in any project, or presently has such interest, he immediately shall disclose such interest in writing to the authority, and such disclosure shall be entered upon the minutes of the authority. Whoever violates any provision of this section shall be punished by a fine of not less than \$50.00 nor more than \$1,000, or by imprisonment for not more than three months, or both.

[462.435] **Removal; hearing; notice.** Sec. 6. For inefficiency or neglect of duty, or misconduct in office, a commissioner of an authority may be removed by the governing body of the municipality, but a commissioner shall be removed only after a hearing and after he shall have been given a copy of the charges at least ten days prior to the hearing and had 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 him, but, if it is found that those charges have not been substantiated, he shall immediately be reinstated in his office. In the event of the removal of

any commissioner, a record of the proceedings, together with the charges and findings thereon, shall be filed in the office of the clerk.

[462.441] Sec. 7. Powers; quorum; officers; meetings; expenses. The powers of each authority shall be vested in the commissioners thereof in office at any time; a majority of whom shall constitute a quorum for all purposes. Each authority shall select a chairman and a clerk from among its commissioners and shall adopt such by-laws and other rules for the conduct of its affairs as it deems appropriate. The regular meetings of an authority shall be held in a fixed place and shall be open to the public. No commissioner shall receive compensation for his services, but each commissioner shall be entitled to receive necessary expenses, including traveling expenses, incurred in the performance of his duties.

### ARTICLE III.

[462.445] Powers and duties of "authority". Sec. 8. Subdivision 1. Schedule of powers. 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 this act (but not the power to levy and collect taxes or special assessments except as provided in article V hereof with respect to redevelopment projects only), including the following powers in addition to others granted in the other articles of this act:

(1) To sue and be sued; to have a seal, which shall be judicially noticed, and to alter the same at pleasure; to have perpetual succession; and to make, and from time to time to amend and repeal, rules and regulations not inconsistent with this act;

(2) To employ an executive director, technical experts, and such officers, agents, and employees, permanent and temporary, as it may require, and determine their qualifications, duties, and compensation; for such legal services as it may require, to call upon the chief law officer of the municipality or to employ its own counsel and legal staff; so far as practical, to use the services of local public bodies, in its area of operation, such local public bodies, if requested, to make such services available;

(3) To delegate to one or more of its agents or employees such powers or duties as it may deem proper;

(4) Within its area of operation to undertake, prepare, carry out, and operate projects and to provide for the con-

struction, reconstruction, improvement, extension, alteration, or repair of any project or part thereof;

(5) Subject to the provisions of Section 29 of this act, to give, sell, transfer, convey, or otherwise dispose of real or personal property or any interest therein and to execute such leases, deeds, conveyances, negotiable instruments, purchase agreements, and other contracts or instruments, and take such action, as may be necessary or convenient to carry out the purposes of this act;

(6) Within its area of operation to 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 Minnesota Statutes 1945, Chapter 117, and any amendments thereof or supplements thereto, to acquire real property which it may deem necessary for its purposes under this act, after the adoption by it of a resolution declaring that the acquisition of the real property is necessary to eliminate one or more of the conditions found to exist in the resolution adopted pursuant to section 4.

**Subd. 2. Eminent domain proceedings; money deposit; title to property.** Should an authority deem it necessary it may, in its discretion, after having filed in court an application to assess compensation for the property to be appropriated pursuant to the eminent domain proceedings, forthwith pay into court a sum of money to secure compensation to the owner of the appropriated property, which amount shall be fixed by the court in a sum not less than the true and full valuation of the property appropriated as fixed by the assessor and as finally equalized. The title to the property appropriated shall pass to the authority upon the payment of that sum of money into court, and thereupon the authority shall have the right to enter immediately upon the property appropriated and demolish any structure thereon or therein and proceed with the construction of the project proposed by it. It shall then proceed with the prosecution of its suit to assess compensation with due diligence. The deposit shall be applied, so far as may be necessary for that purpose, to the payment of any award that may be made, with interest thereon, and the residue, if any, shall be returned to the authority.

**Subd. 3. Superior public use; proviso.** Real property in an area, needed or convenient for a project, which is to be acquired by condemnation pursuant to this section, may be acquired by the authority for the project, including any prop-

erty devoted to a public use, whether or not held in trust, notwithstanding that such property may have been previously acquired by condemnation or is owned by a public utility corporation, it being hereby expressly determined that the public use in conformity with the provisions of this act shall be deemed a superior public use; *provided, however*, that 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. 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 this act of the real property in an area.

Subd. 4. **Additional powers; research; protection.** An authority shall further have power:

(1) To make, or agree to make, such payments in lieu of taxes to the city or the county, the state or any political subdivision thereof, as it finds consistent with the purposes of this act;

(2) To 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 this act or of any other related federal or state legislation;

(3) Nothing in this act shall allow an authority to purchase, lease, or take over, in any way, any housing project already owned and operated by the government of the United States or any agency thereof;

(4) To 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;

(5) To include in any contract for financial assistance with the federal government any conditions which the federal government may attach to its financial aid of a project, not inconsistent with the purposes of this act, 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 such contract relates upon the occurrence of a substantial default with respect to the covenants or conditions to which such authority is subject; to provide in such contract that, in case of such conveyance, the federal government may complete,

operate, manage, lease, convey, or otherwise deal with the project until such defaults are cured if the federal government agrees in such contract to reconvey to the authority the project as then constituted when such defaults have been cured;

(6) To issue bonds, notes, or other evidences of indebtedness, as hereinafter provided, for any of its corporate purposes and to secure the same by mortgages upon property held or to be held by it or by pledge of its revenues, including grants or contributions;

(7) To 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;

(8) Within its area of operation to determine where substandard, slum, or blighted areas exist or where there is unsafe, unsanitary, or overcrowded housing;

(9) To establish and revise from time to time the maximum amount of income of tenants entitled to admission to housing projects of an authority, subject to the qualifications in this act contained;

(10) To undertake and carry out studies and analyses of the housing and redevelopment needs within its area of operation and of the meeting of those needs (including data with respect to population and family groups and the distribution thereof 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 thereof) and to make the results of those studies and analyses available to the public and the building, housing, and supply industries; and to engage in research and disseminate information on housing and redevelopment;

(11) When a local public body does not have a planning agency or when a comprehensive or general community development plan or plans is or are not already available by the planning agency, to make or cause to be made such plans as a guide in the more detailed planning of housing and redevelopment areas;

(12) To lease or rent any dwellings, accommodations, lands, buildings, structures, or facilities embraced in any project and (subject to the limitations contained in this act

with respect to the rental of dwellings in housing projects) to establish and revise the rents or charges therefor;

(13) To own, hold, and improve real or personal property and to sell, lease, exchange, transfer, assign, pledge, or dispose of any real or personal property or any interest therein;

(14) To insure or provide for the insurance of any real or personal property or operations of the authority against any risks or hazards;

(15) To procure or agree to the procurement of government insurance or guaranties of the payment of any bonds or parts thereof issued by an authority, including the power to pay premiums on such insurance;

(16) To make such expenditures as may be necessary to carry out the purposes of this act.

**Subd. 5. Powers severable or in combination.** An authority may exercise all or any part or combination of the powers granted by this act within its area of operation.

**Subd. 6. Subject to laws of locality.** All projects of an authority shall be subject to the planning, zoning, sanitary, and building laws, ordinances, and regulations applicable to the locality in which the project is situated.

[462.451] **Accounting; rules and regulations.** Sec. 9. Subdivision 1. **Accounting; annual reports.** Each authority shall keep an accurate account of all its activities and of all its receipts and expenditures and shall annually in the month of January make a report thereof to the state housing commission, to the state public examiner, and to the governing body of the municipality, such reports to be in a form prescribed by the state housing commission.

**Subd. 2. State housing commission, powers and duties.** The state housing commission may investigate the affairs of authorities and their dealings, transactions, and relationships. It shall have the power to examine into the properties and records of authorities and to prescribe methods of accounting and the rendering of periodical reports in relation to projects undertaken by authorities, but in prescribing the form of accounts the commission shall take into consideration any requirements of the federal government under any contract with an authority. The commission may from time to time make, amend, and repeal rules and regulations prescribing standards and stating principles governing the planning, construction, maintenance, and operation of projects by author-

ities. Compliance with this act and the rules and regulations adopted by the commission may be enforced by the commission by a proceeding in equity.

[462.455] **Liable in contract or tort.** Sec. 10. An authority shall be liable in contract or in tort in the same manner as a private corporation. The members 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.

[462.461] **Letting of contracts; bonds.** Sec. 11. All construction work, and work of demolition or clearing, and every purchase of equipment, supplies, or materials, necessary in carrying out the purposes of this act, that shall involve the expenditure of \$1,000 or more shall be awarded by contract as hereinafter provided. Before receiving bids under the provisions of this act 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, stating the nature of the work and the terms and conditions upon which the contract is to be let, naming therein 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 duly received, opened and read publicly and recorded, the authority shall award the contract to the lowest responsible bidder, the authority reserving the right, however, to reject any or all bids, each such contract to be duly 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 shall have the right to set up reasonable qualifications to determine the fitness and responsibility of bidders and to require bidders to meet such qualifications before bids are accepted. If the authority by an affirmative 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 \$1,000, but not exceeding \$5,000 in amount, 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, as considered in this act, shall be understood to be unforeseen circumstances or conditions which result in the placing in jeopardy of human life or property.

Bonds shall be required from contractors for any works of construction as provided in and subject to all the provisions of Minnesota Statutes 1945, Sections 574.26 to 574.31, inclusive.

ARTICLE IV.

[462.465] **Low rent housing.** Sec. 12. Subdivision 1. **Preliminary research; approval by municipality.** An authority shall not initiate any low-rent housing project, and shall not enter into any contract with respect thereto, until it has made findings, after an analysis of the local housing market, (1) that there is need for such low-rent housing which cannot be met by private enterprise and (2) that a gap of at least 20% has been left 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 unless the governing body of the municipality has by resolution affirmed those findings of the authority and approved the provision of that low-rent housing project, and unless the provision of public low-rent housing projects has been approved by the voters of the municipality as provided in subdivision 2.

Subd. 2. **Submission to electorate; special elections.** No low-rent housing projects shall be undertaken by any authority until the governing body of the municipality shall have submitted to the qualified voters of the municipality at a special election, or at the next general election, the question in substantially the following form:

Shall public low-rent housing projects be initiated, and constructed and carried on by the housing and redevelopment authority in and for the \_\_\_\_\_ (city, village, or borough) of \_\_\_\_\_ (naming the municipality)?

- Yes .....
- No .....

If a majority of the qualified voters of the municipality voting upon the question shall vote in the affirmative, the

housing and redevelopment authority of that municipality shall thereupon be empowered to initiate, construct, and carry on public low-rent housing projects, but it may, under this authorization, construct not to exceed 1,000 family dwelling units and thereafter must again submit the question as to the initiation of further low-rent housing projects in the manner first provided. If a majority of the qualified voters of the municipality voting upon the question shall vote in the negative, then the housing and redevelopment authority shall not initiate any low-rent housing projects in the municipality until authorized by the qualified voters of the municipality in the manner herein provided, and the question shall not again be submitted to those qualified voters for at least one year after the date of such election. Special elections held pursuant to this subdivision shall be held and conducted in the same manner and upon the same notice, and the returns thereon made in the same form and manner, as other special elections in that municipality. In the case of a city operating under a home rule charter, the provisions of law relating to the mechanics of the conduct of elections, time of holding, notice, and returns made applicable in the case of the submission of proposed amendments to the home rule charter shall govern.

[462.471] Sec. 13. **Rentals.** Subdivision 1. **Rentals; 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, and no authority shall construct or operate any housing project for profit, or as a source of revenue to the municipality. To this end 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 from whatever sources derived) will be sufficient (1) to pay, as the same become due, the principal and interest on the bonds of the authority; (2) to create and maintain such reserves as may be 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 therefor and the cost of any insurance) and the administrative expenses of the authority; and (4) to make such payments

in lieu of taxes as it determines are consistent with the maintenance of the low-rent character of projects.

**Subd. 2. Employment of real estate operators.** With respect to the management and operation of a housing project the authority may, in its discretion, employ reliable real estate operators or firms or brokers to perform those services for it, but no such real estate operators or firms or brokers shall have any authority in the matter of tenant selection or the fixing of rentals. Each authority employing any such real estate operators or firms or brokers 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 state housing commission.

[462.475] **Tenant admissions and rentals.** Sec. 14. Subdivision 1. **Authority; powers and duties.** In the operation or management of housing projects an authority shall at all times observe the following duties with respect to rentals and tenant admissions:

(1) It may rent or lease the dwelling accommodations therein only to persons of low income and at rentals within the financial reach of such persons of low income;

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

(3) An authority in its operations within a municipality shall not accept any person or persons as tenants in any housing project if the person or persons who occupy the dwelling accommodations have an aggregate annual net income in excess of five times the annual rental of the quarters to be furnished such person or persons, except that in the case of persons with three or more minor dependents such ratio shall not exceed six to one, and, in computing the rental for this 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 such services and facilities is included in the rental.

**Subd. 2. Citizenship.** An authority shall not accept as a tenant in any project any person who is not a citizen of the United States.

[462.481] **Discrimination prohibited; displaced families.** Sec. 15. There shall be no discrimination in the selection

of tenants because of 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.

[462.485] **Veterans preference.** Sec. 16. As between applicants equally in need and eligible for occupancy of a dwelling and at the rent involved, preference shall be given to families of servicemen (including families of servicemen 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 due consideration to families making application for dwelling accommodations to which families aid for dependent children is payable, and to resident families making such application to whom public relief, old age assistance, or aid to the blind shall be payable, when such families are otherwise eligible under the terms of this act.

[462.491] **Available solely for families of low income.** Sec. 17. The dwellings in public low-rent housing shall be available solely for families of low income whose net family income does not exceed the maximum net family income falling within the lowest 20 per cent by number of all family incomes in the area of operation as such maximum net family income shall have been determined, or from time to time redetermined, by the authority; provided that at the end of one year after the effective date of this act, and each year thereafter, this restriction shall be reexamined by the state housing commission, and a public hearing shall be held by the commission to determine whether administrative or interpretive difficulties or unsatisfactory progress in the provision of low-rent housing require a modification thereof. Upon the conclusion of that hearing the commission is authorized to and shall forthwith modify the restriction first set out in this section to the extent, if any, that may be required to make satisfactory progress in the provision of low-rent housing.

[462.495] **Periodic investigation of tenant; veterans preference.** Sec. 18. An authority shall make periodic investigations of each family admitted to a low-rent housing project and, on the basis of said 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, and (2) had a net family income not exceeding the income limits theretofore fixed by the authority for admission of families of low income to such housing; *provided* that the requirement in (1) shall not be applicable in the case of the family of any serviceman or the family of any veteran who has been discharged (other than dishonorably) from, or the family of any serviceman who died in, the armed forces of the United States, where application for admission to such housing is made not later than three years after the effective date of this act. If it is found upon any such investigation that the net incomes of any families have increased to a point where they can afford to rent or purchase decent, safe, and sanitary dwellings provided by private enterprise, those families shall be required to move from the project if there are such dwellings available to them within their means and appropriate to their use.

[462.501] **Duration of occupancy.** Sec. 19. Subdivision 1. **Four year limitation.** The occupancy of any dwelling unit in a housing project under the jurisdiction of the authority shall not exceed four years and that at the end of a four-year term the right of the tenant to occupy a housing project shall cease and he shall be required to move; except that, upon a resolution of the authority, based upon findings of changes justifying continued occupancy, a tenant may be permitted to remain for an additional period not exceeding two years.

Subd. 2. **Legal rights of authority in case of default.** Nothing contained in this or the preceding sections of this article 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 thereof or cause the appointment of a receiver thereof, free from all the restrictions imposed by this or the preceding section; 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.

[462.505] **Demolition of unsafe or unsanitary buildings.** Sec. 20. No project for low-rent housing or the clearance of a blighted area involving the construction of new buildings 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; *provided* that such elimination may, upon approval by the state housing commission by resolution, be deferred for such period, not exceeding five years from the completion of the project, as the commission may determine, if the shortage of decent, safe, or sanitary housing available to families of low income is so acute as to force dangerous overcrowding of such families.

[462.511] **Acquisition of existing buildings; repairs.** Sec. 21. In order to conserve the existing housing supply, an authority is authorized to purchase or lease or otherwise acquire existing buildings for low-rent housing whenever this is feasible, in lieu of new construction. All the provisions of this act relating to other low-rent housing projects shall be applicable to such projects. Before proceeding with such 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;

(3) The rehabilitated buildings will provide low-rent housing and will otherwise accomplish the purposes of this act.

#### ARTICLE V.

[462.515] **Redevelopment plan.** Sec. 22. Any redevelopment company, or any other 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 municipality in which the area to be redeveloped is situated, for its study, if such a planning agency is in existence, or, if no such planning agency is in existence, to such agency as the governing body of the municipality shall indicate. 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. Before approving any redevelopment plan, an authority shall hold a public hearing thereon after not less than ten days' published notice in a newspaper of general circulation in the area of operation.

[462.521] **Governing body of municipality.** Sec. 23. Subdivision 1. **Application by authority.** Whenever an authority determines that a redevelopment project should be undertaken, it shall apply to the governing body of the municipality in which the project is located for approval thereof. 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.

Subd. 2. **Findings, notice, and determination of 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 sound needs of the locality as a whole, for the redevelopment of such 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 such modifications as are necessary to meet its objections. Once approved, the determination of the authority to undertake such project and the resolution of the governing body shall be conclusive, in any condemnation proceeding, of the public need for such project.

[462.525] **Disposal of property.** Sec. 24. Subdivision 1. **Authority may sell, lease, or develop property.** 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 agen-

cies, by sale, lease, or otherwise, or the authority itself may retain property for redevelopment by it. Such land shall be made available at its fair use value, as determined by the authority, which determination shall be based on its proposed use as set forth in 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 ten days' published notice, by the authority 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 such 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 such approved plan or approved modifications thereof. In the instrument, or instruments, of lease or sale the authority may include such other terms, conditions, and provisions as in its judgment 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; also, such terms, conditions, and specifications concerning buildings, improvements, sub-leases, or tenancies, maintenance and management, and any other related matters as 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. In the event that maximum rentals to be charged to tenants of housing be specified, provision may be made for periodic reconsideration of such rental bases, with a view to proposing modification of the project area plan with respect to such rentals.

**Subd. 3. Property devoted to public uses; transfer.** After the property in a project area shall have been assembled by an authority, the authority shall have the power to transfer by deed to local public bodies those pieces of property which, in accordance with the development plan, are to be devoted to public uses, other than public housing. Except

for such property as may be transferred by dedication, gift, or exchange, the transferee body shall pay to the authority such sum as may be agreed upon, and, in the absence of agreement, as may be determined by arbitration.

**Subd. 4. Disposition in parts.** In lieu of the lease or sale of a project area as an entirety, the authority may lease or sell parts of that area separately to redevelopment companies, or other persons. Any such sale or lease of a part or parts of a project area shall be fully 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 have no power to convey the area, or any part thereof, without the consent of the authority, and no such consent shall be given unless the grantee or mortgagee of the purchaser obligates itself or himself 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, his or its heirs, representatives, successors, and assigns, shall have no right or power to convey, lease, or let the conveyed property or any part thereof, or erect or use any building or structure erected thereon, free from the obligation and requirement to conform to the approved project area redevelopment plan or approved modifications thereof.

**Subd. 6. Modification of redevelopment plan; conditions.** A redevelopment plan may be modified at any time after the lease or sale of the project area or parts thereof, provided the modification shall be consented to by lessee or purchaser and adopted by the authority and the governing body of the political subdivision in which the project is located, except that minor changes due to conditions occurring or discovered during construction and amounting in the aggregate to not more than two per cent of the total construction cost of the development may be made by the lessee or purchaser without the consent of the authority, provided no such change shall lower the quality of the construction agreed upon.

**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 such surety and in such form and amount as the

authority may approve, or make such other guaranty as the authority may deem 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 such 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 such notice, the authority may take over the work and may cause such 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 such materials, appliances, and plant as may be on the site of the work and necessary therefor.

[462.531] **Temporary relocation of displaced families.** Sec. 25. Prior to approval by the authority of any redevelopment plan, it 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 such displaced families.

[462.535] **Provisional acceptance by authority of fund or property.** Sec. 26. 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 such area, from any redevelopment company or partnership or individual, subject to a provision that, in the event the supplier of any such fund or the conveyor of such property shall become the purchaser of the project area or any part thereof, such fund or the agreed value of such property shall be credited on the purchase price of such area or part thereof, and, if there be an excess above the cost of acquisition of the area, such excess shall be returned, and that, in the event that such supplier or conveyor does not become the purchaser of such area or any part thereof, the amount of the fund or the agreed value of such property, as the case may be, shall be paid to such supplier or conveyor.

[462.541] **Use value.** Sec. 27. Subdivision 1. **Determination of use value; appraisal.** After the authority has assembled and acquired the real property of a project area,

it shall, as an aid to it in determining the rentals and other terms upon which it will lease or the price at which it will sell the area or parts thereof, place a use 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, such use value to be based on the planned use; and, for the purpose of this use valuation, it may in its discretion cause a use-value 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; but nothing contained in this section shall be construed as requiring the authority to base its rentals or selling prices upon any such appraisal.

Subd. 2. **Use value to be 60 per cent or more of aggregate cost.** The aggregate use value placed for purposes of lease or sale upon all land within a particular project area leased or sold by an authority pursuant to this act shall be not less than 60 per cent of the aggregate cost to the authority of acquiring all such land, excluding the cost of old buildings destroyed and the demolition and clearance thereof.

[462.545] **Public redevelopment cost; proceeds; financing.**

Sec. 28. Subdivision 1. **Financing plans authorized.** The cost of a redevelopment project, including administrative expense of the authority applicable to the project and debt charges, shall be known as the public redevelopment cost. The proceeds from the sale or lease of property in a redevelopment area shall be known as the capital proceeds. Since it is the purpose of this act that authorities will sell or lease or retain the land in the redevelopment area, in whole or in part, for a variety of purposes, including private housing for upper or middle-income groups, public housing for low-income groups, commercial, and other purposes, at its fair use value, which may be less than the public redevelopment cost, the capital proceeds from land sold may pay back only a portion of the public redevelopment cost. For the purpose of carrying out the provisions of this article, including the defrayment of the difference between the public redevelopment cost and the capital proceeds, which includes the difference between any annual debt service and the annual administrative expenses of the authority applicable to the project and any annual capital proceeds, an authority may, in its discretion, finance such redevelopment projects in any one, or by any combination of, the following methods, which are also dealt with in other sections of this act.

Subd. 2. **Federal grants.** The authority may accept grants or other financial assistance from the federal govern-

ment as provided in other sections of the act. Before resorting to other financing methods authorized by this section the authority shall make full utilization of all such federal funds for which the project qualifies.

**Subd. 3. Bond issue.** An authority may issue its bonds or other obligations as provided in other sections of this act; provided, however, that none of the proceeds of such bonds and no proceeds or revenues from any redevelopment project shall be used to pay the bonds or costs of or make contributions or loans to any low-rent housing project.

**Subd. 4. Revenue pool; use.** The authority may in its discretion 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.** In the event the authority shall issue bonds or other obligations to finance a redevelopment project, the authority may, in its discretion, with the consent of the governing body obtained at the time of the approval of the redevelopment plan as required in section 23, notifying the county treasurer to set aside in a special fund, for the retirement of such bonds and interest thereon, all or part of the real estate tax revenue derived from the real property in the development area which is in excess of the tax revenue derived therefrom in the tax year immediately preceding the acquisition of such property by the authority, and it shall be the duty of the county treasurer so to do. Such setting aside of funds shall continue until the bonds or other obligations have been retired. That special fund shall, in no event, be used for the retirement of bonds issued to finance the acquisition and clearance of land in the redevelopment projects reserved for public use.

**Subd. 6. Area of operation, a taxing district; special tax levy.** 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 for redevelopment purposes 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 the redevelopment projects carried out under the provisions of this article to the extent of the special taxes levied under the provisions hereof. Subject to the consent, by resolution, of the governing body of the municipality in and for which

it was created, an authority is authorized to levy in each year a special tax upon all property, both real and personal, within that taxing district. The authority shall cause the tax so levied each year to be certified to the auditor of the county in which the taxing district is located on or before October 10th in each year. Such tax so levied and certified 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, and as such 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 "Redevelopment Project Fund" and shall be expended and applied for the purpose of this article, and for no other purpose whatsoever. It shall be paid out upon vouchers signed by the chairman of the authority or his duly authorized representative. The amount of such special tax levy for the first two consecutive levy-making periods after the organization of the authority shall be an amount approved by the governing body of the municipality, but shall not exceed ten cents on each \$100 of taxable valuation in the area of operation. The authority shall each year formulate and file a budget in accordance with the budget procedure of the municipality in the same manner as required of executive departments of the municipality or, if no budgets are required to be filed, on or before August first, and the amount of the tax levy for the following year shall be based on that budget and shall be approved by the governing body, but shall not after the first two years exceed five cents on each \$100 of taxable valuation in the area of operation.

#### ARTICLE VI.

[462.551] **Bond issue for corporate purposes. Sec. 29.** An authority shall have power to issue bonds for any of its corporate purposes. Such bonds may be of such type as it determines, including, but not limited to, bonds on which the principal and interest are payable exclusively from the income and revenues of the project financed with the proceeds of such 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 such bonds. Any such bonds may be additionally secured by a pledge of any grant or contributions from the federal government or other source, or 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 a mortgage of any project, projects,

or other property of the authority. 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. Further, 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. 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. The bonds and other obligations of an authority (and such bonds and obligations shall so state on their face) shall not be a debt of the municipality, the state or any political subdivision thereof, and neither the municipality nor the state or any political subdivision thereof shall be liable thereon, nor in any event shall such bonds or obligations be payable out of any funds or properties other than those of said authority. The bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Bonds of an authority are declared to be issued for an essential public and governmental purpose and to be public instrumentalities and, together with interest thereon and income therefrom, shall be exempt from taxes. The provisions of this act exempting from taxation authorities, their properties and their bonds and interest thereon and income therefrom, shall be considered additional security for the repayment of bonds and shall constitute, by virtue of this act and without the necessity of the same being restated in said bonds, a contract between the bondholders and each and every one thereof, including all transferees of said bonds from time to time on the one hand and the respective authorities issuing said bonds and the state on the other. An authority may by covenant confer upon the holder of such bonds such rights and remedies as it deems necessary or advisable, including but not limited to the right in the event of default to have a receiver appointed to take possession of and operate the project; *provided, however*, that 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, then the exemptions from taxes and special assessments for that project shall terminate.

[462.555] **Manner of bond issuance; sale.** Sec. 30. Bonds of an authority shall be authorized by its resolution and may be issued in one or more series and shall bear such date or dates, mature at such time or times, bear interest at such rate or rates, not exceeding six per cent per annum, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in such medium of payment at such place or places, and be subject to such terms of redemption (with or without premium) as such resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at not less than par. Any provision of any law to the contrary notwithstanding, any bonds issued pursuant to this act shall be fully negotiable. In any suit, action, or proceedings involving the validity or enforceability of any bonds of an authority or the security therefor, any such bond reciting in substance that it has been issued by the authority to aid in financing a project, as herein defined, shall be conclusively deemed to have been issued for such purpose, and such project shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of this act.

[462.561] **Enforcement by obligee of provisions and covenants in contracts.** Sec. 31. An obligee of an authority shall have the right, in addition to all other rights which may be conferred on such obligee, subject only to any contractual restrictions binding upon such obligee; (1) by mandamus, suit, action, or proceeding at law or in equity to compel said authority and the commissioners, officers, agents, or employees thereof to perform each and every term, provision, and covenant contained in any contract of said authority with or for the benefit of such obligee and to require the carrying out of any or all such covenants and agreements of said authority and the fulfillment of all duties imposed upon said authority by this act; and (b) 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 such obligee of said authority.

[462.565] **Bonds, a legal investment.** Sec. 32. 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, building and loan associations, insurance companies, insurance associations, and other persons carrying

on a banking or insurance business may legally invest any sinking funds, moneys, or other funds belonging to them or within their control in such bonds, and such bonds shall be authorized security for all public deposits.

#### ARTICLE VII.

[462.571] **Exemption from process.** Sec. 33. 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 10. The provisions of 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 this act.

[462.575] **Tax status.** Sec. 34. Subdivision 1. **Declaration as to essential public and governmental purposes.** The property of an authority is declared to be public property used for essential public and governmental purposes, and such property and the authority shall be exempt from all taxes and special assessments of the city, the county, the state or any political subdivision thereof. "Taxes" does not include charges for utilities and special services, such as heat, water, electricity, gas; sewage disposal, or garbage removal, provided, however, that, 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, then the exemptions from taxes and special assessments for that project shall terminate.

Subd. 2. **Leased property; exception.** Notwithstanding the provisions of subdivision 1, any property which the authority leases to private individuals or corporations for development in connection with a redevelopment project shall have the same tax status as if such leased property were owned by such private individuals or corporations.

Subd. 3. **Statement to be filed with assessor; percentage tax on rentals.** Further, notwithstanding the provisions of subdivision 1, with respect to any housing project of the authority carried on pursuant to the provisions of Article IV, the authority shall, after that project has become occupied, either in whole or in part, file with the proper assessor,

on or before May 1 of each year, a statement of the aggregate shelter rentals of that project collected during the preceding calendar year; and, unless a greater amount has been agreed upon between the authority and the municipality in and for which the authority was created, five per cent of such aggregate shelter rentals shall be charged to the authority and collected from it as a service charge for the services and facilities to be furnished with respect to that project, in the manner provided by law for the assessment and collection of taxes, and the amount so collected shall be distributed to the municipality and to any school district or districts in the area of operation in such proportions that each will receive therefrom the same proportion as the tax rate of each bears to the total tax rate of those taxing bodies that would be levied against the project if it were not exempt from taxation. A municipality in and for which an authority has been created may agree with the authority, with respect to any housing projects, either separately or jointly or one or more of them, for the payment of a service charge in an amount greater than five per cent of the aggregate annual shelter rentals of any project, upon the basis of shelter rentals or upon such other basis as may be agreed upon, but not exceeding the amount which would be payable in taxes thereon were the property not exempt, and, if such an agreement is made, the amount so agreed upon shall be collected and distributed in the manner above provided. If such project or projects have become occupied, or if the land upon which such project or projects are to be constructed has been acquired, the agreement shall specify definitely the location of the project or projects 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. The records of each housing project shall be open to inspection by the proper assessing officers.

#### ARTICLE VIII.

##### [462.581] Powers of municipality relating to projects.

Sec. 35. For the purpose of aiding and cooperating in the planning, undertaking, construction, or operation of housing and redevelopment projects of housing authorities located within the area in which an authority is authorized to act, any municipality may upon such 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; provided that no municipality may use any revenues or money of that municipality to pay the bonds of or make any loans or contributions to any redevelopment or public housing project; this proviso not to apply to the proceeds of taxes for redevelopment projects levied pursuant to subdivision 6 of section 28;

(2) Cause parks, playgrounds, recreational, community, educational, water, sewer or drainage facilities, or any other works which it is otherwise empowered to 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 as defined in this act; plan or replan, zone or rezone its parks; in the case of a city or town, make changes in its map;

(4) Cause services to be furnished to the authority of the character which it is otherwise empowered to 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 such projects;

(7) Incur the entire expense of any public improvements made by it in exercising the powers granted in this act; and

(8) Enter into agreements (which may extend over any period, notwithstanding any provision or rule of law to the contrary) with an authority respecting action to be taken by the municipality pursuant to any of the powers granted by this act.

[462.585] **Payments in lieu of taxes; agreement.** Sec. 36. In connection with any project of an authority located wholly or partly within the area in which any municipality is authorized to act, the municipality may agree with the authority with respect to the payment by the authority of such sums in lieu of taxes for any year or period of years in accordance with the provisions of Section 34, but for no longer period than the period of tax exemption provided for under this act.

#### ARTICLE IX.

[462.591] **Redevelopment company.** Sec. 37. Subdivision 1. **Creation; contents of certificate; filing.** A redevelopment-

ment company may be created by three or more persons signing, acknowledging, and filing in the office of the secretary of state a certificate which shall contain:

- (1) The name of the proposed redevelopment company;
- (2) The purposes for which it is to be formed, which shall be as follows: to acquire one or more areas under a plan or plans and to construct, own, maintain, operate, sell, and convey projects, pursuant to the terms and provisions of this act;
- (3) The amount of the capital stock and, if any be preferred stock, the preference thereof;
- (4) The number of shares of which the capital shall consist, all of which shall have a par value;
- (5) The location of its principal business office;
- (6) Its duration, which shall not be less than 20 years;
- (7) The number of directors, which shall not be less than three and who need not be stockholders;
- (8) The names and post-office addresses of the directors for the first year;
- (9) The names and post-office addresses of the subscribers to the certificate and a statement of the number of shares of stock which each agrees to take in the redevelopment company;
- (10) A provision that, so long as this act shall remain applicable to any project of the redevelopment company, the real property of the redevelopment company shall not be sold, transferred, or assigned except as permitted by the terms and provisions of this act;
- (11) A declaration that all of the subscribers to the certificate are of full age; that at least two-thirds of them are citizens of the United States and that at least one of them is a resident of the state of Minnesota; that at least one of the persons named as a director is a citizen of the United States and a resident of the state of Minnesota;
- (12) A declaration that the redevelopment company has been organized to serve a public purpose and that it shall be and remain subject to the supervision and control of the state housing commission, authorities and governing bodies, as provided in this act, so long as this act remains applicable to any project of the redevelopment company; that all real

and personal property acquired by it and all structures erected by it shall be deemed to be acquired or created for the promotion of the purposes of this act;

(13) A declaration that, after providing for all expenses, taxes, or payments in lieu of taxes, and assessments, there shall be paid annually out of the earnings of the redevelopment company from any project for interest, amortization, and dividends a sum equal to but not exceeding six per cent of the total actual final cost of that project as defined by subdivision 2 of section 46; that the obligation in respect of such payments shall be cumulative, and any deficiency in interest, amortization, and dividends in respect of that project in any year shall be paid from the first available earnings in subsequent years; and that any cash surplus derived from earnings from that project remaining in the treasury of the redevelopment company in excess of the amount necessary to provide such cumulative annual sums shall, upon a conveyance of the project, or upon a dissolution of the company, in accordance with the provisions of section 58, be paid into the general fund of the city, village, borough, or town in which that project is located;

(14) A declaration that, upon compliance with the provisions of section 58, the property may be conveyed in fee as provided in that section;

(15) A declaration that mortgage indebtedness, income debenture certificates, and stock of the redevelopment company may be retired if, as, and when there shall be funds available for amortization purposes in the treasury of the redevelopment company.

**Subd. 2. Voting rights of income debenture certificate holders.** The certificate may provide that, in the event that income debenture certificates are issued by the redevelopment company, the owners thereof may be given the same right to vote as they would have if possessed of certificates of stock of the amount and par value of the income debenture certificates held by them. If provision is made for the issuance of income debenture certificates, interest shall be paid by the redevelopment company on income debenture certificates only out of the net earnings of the redevelopment company that would be applicable to payment of dividends if there were no income debentures.

[462.595] **Certificate of consent filed with incorporation papers.** Sec. 38. If any certificate of incorporation of a redevelopment company or a certificate of amendment of such

a certificate or incorporation is presented to the secretary of state, he shall not file such certificate unless a certificate of the consent of the state housing commission accompanies the same.

[462.601] **Minnesota business corporation act applies in part.** Sec. 39. The provisions of the Minnesota business corporation act shall apply to redevelopment companies, except where those provisions are in conflict with the provisions of this act. In the event that any action with respect to which the holders of income debentures shall have the right to vote is proposed to be taken, then notice of any meeting at which such action is proposed to be taken shall be given to those holders in the same manner to the same extent as if they were stockholders entitled to notice of and to vote at such meeting, and any certificate filed pursuant to law in the department of state with respect to any such action, whether taken with or without meeting, and any affidavit required by law to be annexed to that certificate, shall contain the same statements or recitals, and the certificate shall be subscribed and acknowledged, and the affidavit shall be made in the same manner as if those holders were stockholders holding shares of an additional class of stock entitled to vote on that action, or with respect to the proceedings provided for in the certificate.

[462.605] **Powers of redevelopment company.** Sec. 40. Subdivision 1. **Under Minnesota business corporation act.** Each redevelopment company shall have and may exercise such of the powers conferred by the Minnesota business corporation act as shall be necessary in conducting the business of a redevelopment company and consistent with the provisions of this act.

Subd. 2. **Declared to be instrumentality of state.** Every redevelopment company organized and operated pursuant to the provisions of this article is declared to be an instrumentality of the state, organized and operating to carry out the public uses and purposes of this act.

[462.611] **Interest; amortization; limited dividends.** Sec. 41. There shall be paid annually out of the earnings of the redevelopment company from any project, after providing for all expenses, taxes, or payments in lieu of taxes, and assessments, a sum for interest, amortization, and dividends, equal to but not exceeding six per cent of the total actual final cost of that project as defined by subdivision 2 of section 46; the obligation in respect of such payments shall be cumulative, and any deficiency in interest, amortization, and divi-

dends in any year in respect of that project shall be paid from the first available earnings in subsequent years; and any cash surplus derived from earnings from that project remaining in the treasury of the redevelopment company in excess of the amount necessary to provide such cumulative annual sums shall, upon a conveyance of the project or upon a dissolution of the company, in accordance with the provisions of section 58, be paid into the general fund of the municipality in which that project is located.

[462.615] **Stock, bonds, or income debenture certificates issued for full value.** Sec. 42. No redevelopment company shall issue stock, bonds, or income debenture certificates except for money or property actually received for the use and lawful purposes of the redevelopment company. No stock, bonds, or income debenture certificates shall be issued for property except upon a valuation approved by the state housing commission, and that valuation shall be used in computing actual or estimated cost.

[462.621] **Issuance of stock or debenture certificates.** Sec. 43. Subdivision 1. **Limitation on issuance.** Except as provided in this section, the stock and income debenture certificates issued by a redevelopment company shall in no event be less than the total of 20 per cent of the actual cost of any project or projects undertaken pursuant to this act. The state housing commission may permit stock or income debenture certificates to be issued for working capital to be used in connection with any project to an amount not exceeding three per cent of the estimated cost, or three per cent of the total actual final cost, if that should exceed the estimated cost, of the project.

Subd. 2. **Exception.** The provisions of subdivision 1 shall not be applicable to any redevelopment company if funds made available by the federal government or any instrumentality thereof or any mortgage or mortgage bonds insured by the federal housing administrator or any other instrumentality of the federal government are used in financing the project in whole or in part.

[462.625] **Income debenture certificates.** Sec. 44. With the approval of the state housing commission, the certificate of incorporation, or an amended certificate, may authorize the issuance of income debenture certificates bearing no greater interest than six per cent per annum. Such income debenture certificates and any instrument under which they are issued may contain such other provisions, including provision for amortization by serial maturities, through the opera-

tion of a sinking fund or otherwise, as may be approved by the state housing commission.

[462.631] **Acquisition of funds by approved mortgage or bond issue; limitations and provisions.** Sec. 45. Any redevelopment company, subject to the approval of the state housing commission, may borrow funds and secure the repayment thereof by bond and mortgage or by an issue of bonds under a trust indenture. Each mortgage or issue of bonds of a redevelopment company shall relate only to a single specified project and to no other, and those bonds shall be secured by mortgage upon all of the real property of which such project consists. First lien bonds of a redevelopment company, when secured by a mortgage not exceeding 80 per cent of the estimated cost prior to the completion of the project, or 80 per cent of the appraised value or actual cost, but in no event in excess of 80 per cent of the actual cost, after that completion, as certified by the state housing commission, are hereby declared securities in which all public officers and bodies of the state and of its municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings, building and loan associations, executors, administrators, guardians, trustees, and all other fiduciaries in the state may properly and legally invest the funds within their control. The bonds so issued and secured and the mortgage or trust indenture relating thereto may create a first or senior lien and a second or junior lien upon the real property embraced in any project; *provided, however*, that the total mortgage liens shall not exceed 80 per cent of the estimated cost prior to the completion of the project, or 80 per cent of the appraised value or actual cost, but in no event in excess of 80 per cent of the actual cost after that completion, as certified by the state housing commission; and *provided further* that, where there are first and second mortgage liens upon the property embraced in a project, only the first or senior lien thereon shall be deemed a security in which such officers, bodies, corporations, associations, and fiduciaries may invest the funds within their control. Such bonds and mortgages may contain such other clauses and provisions as shall be approved by the state housing commission, including the right to assignment of rents and entry into possession in case of default; but the operation of the housing project in the event of such entry by mortgagee or receiver shall be subject to regulations promulgated by the state housing commission. Provisions for the amortization of the bonded indebtedness of companies formed under this act shall be subject to the approval of the state housing

commission. So long as funds made available by the federal government or any instrumentality thereof or any mortgage or mortgage bonds insured by the federal housing administrator or any other instrumentality of the federal government are used in financing, in whole or in part, any project under this act, the capital structure of a redevelopment company undertaking such project and the proportionate amount of the cost of the lands and improvements to be represented by mortgages or bonds shall be entirely in the discretion of the housing commission; and all restrictions as to the amounts to be represented by mortgages, mortgage bonds, income debenture, or stock shall be inapplicable to such projects or to redevelopment companies undertaking such projects, except that the bonds, mortgages, debentures, and stock covering any project shall not exceed the total actual final cost of such project as defined in subdivision 2 of section 46.

Interest rates on mortgage indebtedness shall not exceed five per cent per annum.

[462.635] **Limitation on powers of redevelopment company.** Sec. 46. In addition to limitations prescribed by this act, a redevelopment company shall not have power to:

(1) Acquire any real property or interest therein for a project or projects until the approval of that acquisition by the governing body as provided in subdivision 3 of section 48; *provided, however*, this clause shall not apply to the obtaining of options to purchase;

(2) Issue its stock, debentures, and bonds covering any project undertaken by it in an amount greater in the aggregate than the total actual final cost of that project. The actual cost of that project shall include the cost of the lands and improvements constituting the project and charges for financing and supervision approved by the state housing commission, condemnation charges, if any, and interest, and other carrying charges during the period of acquisition and of construction. The total actual final cost shall be deemed to be an amount equal to the actual cost plus an allowance for working capital. Such an allowance for working capital shall not exceed an amount equal to three per cent of the estimated cost, or of the total actual final cost of the project if that shall be greater than the estimated cost;

(3) Enter into contracts for the payment of salaries to officers or employees, except subject to the approval of the state housing commission, or for the construction or for the substantial repair, improvement, or operation of a project,

except subject to the approval of the authority within the area of operation of which the project is located.

[462.641] **Use of redevelopment projects.** Sec. 47. The project or projects of any redevelopment company shall be designed and used primarily for housing purposes, but portions of the project may be planned and used for business, commercial, cultural, or recreational purposes appurtenant thereto as approved in the project. There shall be no discrimination in the use of projects, because of religious, political, or other affiliation.

[462.645] **Project plans.** Sec. 48. Subdivision 1. **Statement of area and general description of buildings and surroundings.** Every plan, or plan of a project, proposed by a redevelopment company shall contain a general description of the area to be redeveloped and a statement of the plan of redevelopment, with such detail of information with reference thereto as may be necessary to a general understanding thereof, including:

(1) Height and bulk of structures, density of population and percentage of land coverage by structures as to their conformity with the purposes of this act and with the master plan, if any; and the relationship of the density of population contemplated by the plan, or plan of the project, to the distribution of the population of the municipality in other areas or parts thereof; and

(2) Provision, if any, for business or commercial facilities appurtenant to the plan or project, relationship to existing and planned public facilities, adequacy and planned rearrangement of street facilities and provisions for light, air, cultural and recreational facilities as to their conformity with the purposes of this act and their adequacy for accommodation of the density of population contemplated by the plan, or plan of the project.

Subd. 2. **Approval of plans.** Every such plan shall be submitted to the authority in the area of operation of which the proposed project is to be located, and that authority shall then proceed as provided by subdivision 1 of section 22.

Subd. 3. **Contract between authority and company.** Upon approval thereof by the authority, the plan, or plan of a project, with a proposed form of contract between the authority and the company or, when all stock, debentures, and mortgage bonds of the company are owned or are to be owned by one or more insurance companies, between the authority, redevelopment company, and the insurance

company or companies, shall be submitted by the authority, with a certificate of its approval, to the local governing body of the municipality in which the project is to be located, for its approval as to conformity with the provisions and purposes of this act, the amount and nature of the property to be acquired for the redevelopment company by the authority, and the terms and conditions of payment therefor by the redevelopment company, the amount of publicly owned land or facilities to be sold to the redevelopment company or exchanged for redevelopment company owned lands, and the availability of other suitable dwelling accommodations for families living in the area or part thereof to be affected by the plan, or plan of the project, and for a determination of the extent of the tax exemption to be granted pursuant to section 49, if any. The governing body may not grant its approval unless it makes the findings required by subdivision 2 of section 23.

**Subd. 4. Dedication for public purposes.** As part of an approved project, the local governing body may require a redevelopment company to dedicate to the municipality, or any agency thereof, in the matter [manner] provided by law, specified portions of the land in a project for parks, streets, public recreational and other public purposes.

**Subd. 5. Rent regulations.** The contract shall regulate the rents to be charged for any property in the project during the period of any tax exemption and may contain such other provisions, not inconsistent with this act, as may be deemed necessary or desirable for the financing, construction, operation, and supervision of the project.

**Subd. 6. Approval of plan; resolution.** In any case where the authority shall have issued a certificate of unqualified approval of a plan, or plan of a project, approval thereof by the local governing body may be by resolution adopted by a majority of the whole number of the votes authorized to be cast by all of the member thereof.

**Subd. 7. Completion of contract.** Upon approval by the governing body the authority is authorized to enter into the necessary contract, and the redevelopment company may proceed with the project in accordance with that contract and the provisions of this article.

[462.651] **Partial tax exemption.** Sec. 49. Subdivision 1. **General taxes.** The governing body of a municipality in which any project of a redevelopment company is located may, by ordinance or resolution, exempt from all local taxes so much of the value of the property included in that project

as represents an increase over the assessed valuation of the property, both land and improvements, acquired for the project at the time of its acquisition by the redevelopment company which originally undertook the project. Should such a governing body grant such a tax exemption, the project shall, to the extent of the municipal exemption and during the period thereof, be exempt from any and all state, county, and school district taxes. Such an exemption of housing projects from taxation shall not extend to projects upon which physical construction begins after August 1, 1949. The tax exemption specified herein shall not operate for a period of more than ten years, commencing in each instance from the date on which the benefits of such exemption first become available and effective. There shall be no exemption from payment of special assessments or from the payment of inspection, supervision, and auditing fees of the state housing commission or the authority.

Subd. 2. **Franchise and special taxes and fees.** A redevelopment company shall be exempt from the payment of any and all franchise, organization, income, mortgage recording, and other taxes to the state and all fees to the state and its officers.

Subd. 3. **Obligations and dividends of redevelopment company exempt from taxation.** Bonds and mortgages and the income debenture certificates of all redevelopment companies are declared to be instrumentalities of the state, issued for public purposes, and shall, together with interest thereon, be exempt from taxation. The dividends on the stock of those companies shall be exempt from taxation by the state.

Subd. 4. **Payment to municipality; termination of tax exemption.** A redevelopment company which has been granted and has received tax exemption pursuant to subdivision 1 may at any time elect to pay to the municipality in which any project is located the total of all accrued taxes referred to in subdivision 1 for which exemption was granted and received, together with interest at the rate of five per cent per annum. Upon such payment the tax exemption of the project granted under subdivision 1 shall cease and terminate.

[462.655] **Change in feature of project prohibited.** Sec. 50. During the period of any tax exemption granted pursuant to section 49, no redevelopment company or any successor in interest to its title to a project or any part thereof, may change or modify any feature of a project for which approval of the authority is required, without the approval of such

authority and by a three-quarter vote of the local governing body.

[462.661] **Special authority granted to certain persons to transfer real property to redevelopment company.** Sec. 51. Notwithstanding any requirement of law to the contrary or the absence of direct provision therefor in the instrument under which a fiduciary is acting, every executor, administrator, trustee, guardian, or other person holding trust funds or acting in a fiduciary capacity, unless the instrument under which such fiduciary is acting expressly forbids, the state, its subdivisions, municipalities, all other public bodies, all public officers, persons, partnerships, and corporations organized under or subject to the provisions of the insurance law, the superintendent of insurance as conservator, liquidator, or rehabilitator of any such person, partnership, or corporation, owning or holding any real property within an area, may grant, sell, lease, or otherwise transfer any such real property to a redevelopment company and receive and hold any cash, stock, income debentures, bonds, mortgages, or other securities or obligations, secured or unsecured, exchanged therefor by such redevelopment company and may execute such instruments and do such acts as may be deemed necessary or desirable by them or it and by the redevelopment company in connection with a project or projects.

[462.665] **Rules and regulations.** Sec. 52. The authority and the state housing commission, respectively, shall have power to make rules and regulations to carry out their powers and duties pursuant to this act and to effectuate the purposes thereof.

[462.671] **Schedule of fees.** Sec. 53. The state housing commission and the authority may each adopt a reasonable schedule of fees to be paid upon the filing with each of them of a plan, plan for a project or projects, amendments thereto, and other instruments in connection therewith, submitted under this article or under article V.

[462.675] **Condemnation for redevelopment company.** Sec. 54. An authority may take real property by condemnation for a redevelopment company, provided the contract or contracts executed pursuant to section 48 contain a requirement that the company shall pay to the authority the fair use value of that real property, determined in accordance with the provisions of section 27, provision as to the time of payment and manner of securing payment thereof, and provisions requiring that the authority receive, before proceeding with the acquisition of that real property, such assurances as

to payment or reimbursement by the redevelopment company, or otherwise, as the authority may deem advisable. Upon compliance by the redevelopment company with the applicable terms and conditions of such contract or contracts the authority shall proceed to acquire title to the real property and when title to the real property shall have vested in the authority, it shall convey the same to the redevelopment company upon final compliance by the redevelopment company with such terms and conditions.

[462.681] **Duties of state housing commission.** Sec. 55. Subdivision 1. **Examination of redevelopment company.** The state housing commission shall examine each redevelopment company and keep informed as to its general condition, its capitalization, and the manner in which its property is constructed, leased, operated, or managed with respect to its compliance with all provisions of law and orders of the authority.

Subd. 2. **Powers of examination and control.** The state housing commission may:

(1) Either itself or through its inspectors or employees duly authorized by it enter in or upon and inspect the property, equipment, buildings, plants, officers, apparatus, and devices of any redevelopment company or any other person entering into an agreement with any authority pursuant to the provisions of article V; examine all books, contracts, records, documents, and papers of any redevelopment company and by subpoena duces tecum compel the production thereof;

(2) In its discretion, prescribe uniform methods and forms of keeping accounts, records, and books to be observed by redevelopment companies, and after a hearing prescribe by order accounts in which particular outlays and receipts shall be entered, charged, or credited;

(3) Require specific answers to questions upon which it may desire information and require the filing of periodic reports in the form, covering the period, and at the time prescribed by it.

[462.685] **Sinking fund.** Sec. 56. Unless other provisions be made therefor in the contract with the authority, the state housing commission, if it shall deem it feasible at any time, subject to the limitation contained in section 41, may require a redevelopment company to provide from earnings, after provision for dividends and interest, a sinking fund in an amount to be fixed by the commission for the gradual

retirement of the stock and income debenture certificates of that company. That sinking fund may be used either for the purchase, from time to time, of stock or income debenture certificates at a price approved by the state housing commission, not exceeding par value thereof with accrued and unpaid dividends or interest, or, if it be not practicable to purchase such stock or such income debenture certificates at a price so approved, the moneys in such sinking fund may be added to the surplus of such company. Any stock or income debenture certificates purchased out of such sinking fund shall be cancelled and shall not be reissued.

[462.691] **Consent of local governing body to disposal of property.** Sec. 57. Until the termination of the tax exemption, whether by expiration or by any other cause, a redevelopment company shall not have power to sell any project without the consent of the local governing body. Upon acquisition of the project by any person, other than another redevelopment company, by lease or sale, or as the result of foreclosure proceedings, any tax exemption or partial tax exemption granted to such project shall immediately terminate.

[462.695] **Dissolution.** Sec. 58. Subdivision 1. **Disposal of property.** After termination of any tax exemption granted as to any project pursuant to section 49 of this act, whether by expiration or by any other cause, or in the event that prior thereto the redevelopment company elects to pay to the municipality the total of all accrued taxes for which such exemption was granted and received, together with interest at the rate of five per cent per annum, that company may convey title to the project in fee to any person, or, if it owns no other projects in this state as to which tax exemptions are in effect, it may voluntarily dissolve.

Subd. 2. **Conveyance without dissolution.** In case of a conveyance of a project without dissolution, pursuant to subdivision 1, the development company, after providing for the payment of all current operating expenses, taxes, indebtedness, and all accrued interest thereon, and all dividends, subject to the limitations imposed by section 41, and after retiring stock at par value and debenture certificates at face value, in the proportion to all its outstanding stock and debenture certificates that the total actual final cost of that project bears to the total actual final cost of all projects owned by the redevelopment company in this state, which proportion shall be determined and certified by the state housing commission, shall pay the cash surplus re-

maining, if any, into the general fund of the municipality in which the project is located.

**Subd. 3. Provisions for dissolution.** In case of a dissolution, or upon expiration of the period of corporate existence, similar provisions shall be made as to each project, the amount required to retire stock and debenture certificates being apportioned to each project in the same manner as provided in subdivision 2 for the apportionment of stock and debenture certificates to be retired in the case of a single project, and the cash surplus, if any, found to exist in the case of any project shall be paid into the general fund of the municipality in which that project is located.

**Subd. 4. Termination of tax exemption upon conveyance or dissolution.** After any conveyance or dissolution provided for in this section, the provisions of this act shall become and be inapplicable to any project involved in that conveyance or dissolution, and to its owner or owners, and any tax exemption granted to the redevelopment company pursuant to section 49 of this act shall cease and terminate as to the project or projects involved.

**Subd. 5. Mortgage settlement before voluntary dissolution.** In no event shall a redevelopment company be voluntarily dissolved unless provision is made for the payment in full of the remaining balance of principal and interest due or unpaid upon any mortgage on its property or any part thereof, but any project may, with the consent of the governing body of the municipality in which it is located, be conveyed and transferred to the municipality subject to such mortgage and accrued interest.

**Subd. 6. Dissolution under subdivisions 1 and 3.** Unless the local governing body of the municipality shall consent to the voluntary dissolution of a redevelopment company, such a company shall not dissolve except in accordance with subdivisions 1 and 3 of this section or upon the expiration of the period of corporate existence as fixed by its certificate of incorporation.

**Subd. 7. Contract with authority.** The contract with the authority may contain such other provisions for the dissolution of the redevelopment company as may be deemed advisable, not inconsistent with the provisions of this section.

[462.701] **Insurance companies.** Sec. 59. Subdivision 1. **Insurance companies may organize a redevelopment company.** One or more insurance companies shall have the power to

organize, or cause to be organized, a redevelopment company formed pursuant to the provisions of this act and to purchase for cash, or to receive and hold in exchange for property, and to own and control, the stock or the income debenture certificates, or both, of any redevelopment company, and shall also have power to invest, singly, or jointly, in a bond and first mortgage or in an issue of bonds secured by mortgage or trust indenture constituting a first lien upon any project as provided in this act. An insurance company, however, which owns stock or income debenture certificates of a redevelopment company and also owns bonds or a bond and mortgage or an interest in a bond and mortgage of the same redevelopment company shall not, without the consent of the state housing commission, sell all or any part of such bonds or such bond and mortgage or of its interest in such bond and mortgage unless it shall simultaneously sell the stock and such income debenture certificates of that company owned by it.

**Subd. 2. Authority to contract; issuance of bonds.** Notwithstanding any other provisions of law, an insurance company or companies owning all of the stock of a redevelopment company are hereby expressly authorized to enter into contracts contemplated by this act, and to agree by contract with a municipality or authority not to sell, assign, or otherwise transfer the stock, income, debentures, or mortgage bonds of the redevelopment company during the period of tax exemption provided for by the contract pursuant to this act without the consent of the local governing body of the municipality. Such insurance company or companies are hereby expressly authorized to make such capital contributions to any such redevelopment company, in cash or by cancellation of securities or otherwise, as may be necessary to enable that redevelopment company to comply with all conditions precedent to its dissolution or conveyance of its property in accordance with section 58 and, upon dissolution of such redevelopment company, to acquire the project and own and operate the same as a permanent investment for such period as it or they may deem desirable, either directly or through acquisition and ownership of the capital stock of any corporation which may acquire title to the project pursuant to subdivision 1 of Section 58.

**Subd. 3. Restrictions or limitations.** Except as specifically provided herein, this act shall not be deemed to limit or restrict any power or authority granted to insurance companies, or to any other corporation, or to any fiduciary, by any other provision of law.

[462.705] **“Insurance company” defined.** “Insurance company” as used in this article means any insurance company authorized to do business in this state.

Sec. 61. **Repealer.** Minnesota Statutes 1945, Sections 462.41 to 462.81, inclusive, are hereby repealed.

[462.711] **Supervisory agency.** Sec. 62. Until the state housing commission is created by law and organized, the powers granted to and the duties imposed upon “the state housing commission”, “the commission”, and “the director of housing” by this act shall be exercised and performed by the division of housing of the department of business research and development, if such a division in such a department is created by law; otherwise, by the commissioner of administration of this state. All documents required by this act to be filed with the state housing commission shall, if such commission be not created and organized, be filed with the officer or agency of the state granted the powers and charged with the duties granted to and imposed upon said state housing commission by this act.

Approved April 23, 1947.

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#### CHAPTER 488—S. F. No. 269

*An act relating to the salary of the deputy register of deeds in counties having a population of less than 75,000 inhabitants, and to legalize certain payments of salaries heretofore made, amending Minnesota Statutes 1945, Section 386.34.*

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1945, Section 386.34, is amended to read as follows:

**386.34. Salary of deputies in certain counties.** Subdivision 1. The county board of each county having a population of less than 75,000, may by written order to be filed in the office of the county auditor allow one deputy register of deeds in such county compensation for services as such deputy not exceeding \$900 per year. In each county now or hereafter containing not less than 25 and not more than 40 townships (not intending cities and villages), and which now has or hereafter may have a population of not less than 30,000, and not