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**CHAPTER 228—S.F.No.3068**  
**[Coded in Part]**

*An act relating to the municipal housing and redevelopment act; providing for the acquisition and disposal of vacant, open, undeveloped and substandard real property; amending Minnesota Statutes 1971, Sections 462.415, by adding a subdivision; 462.445, Subdivisions 1 and 4; 462.466; 462.525, Subdivision 1, and by adding subdivisions; and 462.545, Subdivision 1.*

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

Section 1. Minnesota Statutes 1971, Section 462.415, is amended by adding a subdivision to read:

**Subd. 7. MUNICIPAL HOUSING AND REDEVELOPMENT; ACQUISITION AND DISPOSAL OF CERTAIN REAL PROPERTY.** It is hereby found and declared that municipalities and other units of state and local government have become the owners of certain real properties that are either vacant, open, and undeveloped lands or are lands containing vacant substandard buildings or improvements as that term is defined in section 462.445, subdivision 1, clause (7) through abandonment, tax forfeitures, gifts, acquisition or other legal processes. It is further found that there exists a large number of other real properties within municipalities that are either vacant, open and undeveloped lands or contain vacant buildings or improvements which are substandard. It is further found that many of these real properties are either themselves or are located in areas which are blighted, unoccupied, dilapidated, and/or economically unproductive and have resulted in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety and welfare. It is further found that private development of such real property is economically unfeasible and that much of this governmentally owned real property constitutes a high percentage of the total land area which cannot be readily used or sold by municipalities and other units of state and local government. It is further found that the abandonment and forfeiture of said real properties and these real properties themselves are creating a severe problem for municipalities in creating blighted, unsightly, slum and ghetto areas, and thus are injurious to the health, safety, morals, and welfare of the citizens of this state. It is further found that many of these real properties that are vacant, open and undeveloped land or lands containing vacant substandard buildings or improvements are susceptible of construction upon, or conservation, rehabilitation, and improvement so as to provide decent, safe, and sanitary housing for persons of low and moderate income thus alleviating the serious shortage of decent, safe and sanitary housing for persons or families of low and moderate income and further eliminating, remedying, or preventing conditions and evils enumerated in this section. It is further found and declared that many of these real prop-

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erties are susceptible of providing persons and families of low and moderate income with homeownership opportunities, with appropriate governmental subsidies and assistance that such persons or families would otherwise be unable to afford. In order to alleviate this housing shortage; in order to foster development and use of said stagnant and unproductive real property; in order to bring substandard buildings and improvements into compliance with public standards for decent, safe, and sanitary housing; in order to alleviate the conditions and evils enumerated in this section; in order to provide low and moderate income families with homeownership opportunities; in order to dispose of excess land, for residential housing development purposes; and in order to insure the sound growth, development and financial stability of communities there is a need to grant housing and redevelopment authorities the powers hereinafter granted and that said powers are public uses and purposes for which private property may be acquired, public money spent, and such other powers exercised.

Sec. 2. Minnesota Statutes 1971, Section 462.445, Subdivision 1, is amended to read:

**462.445 POWERS, DUTIES.** 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 sections 462.415 to 462.711 (but not the power to levy and collect taxes or special assessments except as provided in sections 462.515 to 462.545 with respect to redevelopment projects only) including the following powers in addition to others granted in these sections:

(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 these sections;

(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 practicable, 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 construction, reconstruction, improvement, extension, alteration, or repair of any project or part thereof;

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(5) Subject to the provisions of section 462.511, 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 these sections;

(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 these sections, 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 462.425 or found to exist by section 462.415, subdivision 5, or is necessary to carry out a redevelopment project as defined in section 462.421, subdivision 13;

(7) Within its area of operation, and without the adoption of an urban renewal plan, to acquire, ~~other than by the exercise of the power of eminent domain by all means as set forth in clause (6) of this subdivision, including by the exercise of the power of eminent domain, in the manner provided by Minnesota Statutes, Chapter 117,~~ and without the adoption of a resolution provided for in subdivision 1, clause (6), real property, and to demolish, remove, rehabilitate or reconstruct the buildings and improvements or construct new buildings and improvements thereon, ~~or to so provide through other means as set forth in this act,~~ or to grade, fill and construct foundations or otherwise prepare the site for improvements, and to dispose of said property pursuant to section 462.525, provided that the provisions of section 462.525 requiring conformance to an urban renewal plan shall not apply, and to finance such activities by means of the redevelopment project fund or by means of tax increments or tax increment bonds or by the methods of financing provided for in section 462.545 or by means of contributions from the municipality provided for in section 462.581, clause (9), or by any combination of such means; provided that, real property with buildings or improvements thereon shall only be acquired when the buildings or improvements are substandard; and provided further that the exercise of the power of eminent domain under section 462.445, subdivision 1, clause (7) shall be limited to real property which contains buildings and improvements which are vacated and substandard. For the purpose of this subparagraph, substandard buildings or improvements mean buildings or improvements that are dilapidated or obsolescent, faultily designed, lack adequate ventilation, light, or sanitary facilities, or any combination of these or other factors that are detrimental to the safety or health of the community.

(8) Within its area of operation to determine the level of income constituting low or moderate family income. Such income level shall be

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that level below which there is not available within the area of operation a substantial supply of decent, safe and sanitary housing provided by private enterprise without subsidy at prices or rents within the financial means of persons and families of such incomes. The authority may establish various income levels for various family sizes. In making its determination the authority may consider income levels which may be established by the federal housing administration or a similar or successor federal agency for the purpose of federal loan guarantees or subsidies for persons of low or moderate income. The authority may use such determination as a basis for the maximum amount of income for admissions to housing development projects owned or operated by it;

(9) To provide in federally assisted projects such relocation payments and assistance as may be necessary to comply with the requirements of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and any amendments or supplements thereto.

Sec. 3. Minnesota Statutes 1971, Section 462.445, Subdivision 4, is amended to read:

Subd. 4. **ADDITIONAL POWERS.** 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 sections 462.415 to 462.711;

(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 sections 462.415 to 462.711 or of any other related federal, state or local legislation; and upon the consent of the governing body of the municipality purchase, lease, manage, or otherwise take over any housing project already owned and operated by the government of the United States or any agency thereof;

(3) To make (i) plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, and (ii) plans for the enforcement of laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements. The authority is authorized to develop, test, and report methods and techniques, and carry out demonstrations and other activities, for the prevention and the elimination of slums and urban blight;

(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

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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 purposes of sections 462.415 to 462.711, 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 re-convey 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 sections 462.415 to 462.711 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 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

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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 sections 462.415 to 462.711 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 powers to pay premiums on such insurance;

(16) To make such expenditures as may be necessary to carry out the purposes of sections 462.415 to 462.711;

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

(18) To compile and maintain a catalog of all vacant, open and undeveloped land or land which contains substandard buildings and improvements as that term is defined in section 462.445, subdivision 1, clause (7) owned or controlled by the authority or by the governing body or bodies within its area of operation and to compile and maintain a catalog of all authority owned real property that is in excess of the foreseeable needs of said authority, in order to determine and recommend if such real property compiled in either catalog is appropriate for disposal pursuant to the provisions of sections 6 and 7 of this act.

(19) To recommend to the municipality concerning the enforcement of the applicable health, housing, building, fire prevention and housing maintenance code requirements as relates to residential dwelling structures which are being rehabilitated by low or moderate income persons pursuant to section 6 of this act for the period of time necessary to complete such rehabilitation, as determined by the authority.

(20) To recommend to the municipality the initiation of municipal powers, against certain real properties, relating to repair, closing, con-

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demnation, or demolition of unsafe, unsanitary, hazardous, and unfit buildings, as provided in section 462.581, clause (5).

Sec. 4. Minnesota Statutes 1971, Section 462.466, is amended to read:

**462.466 HOUSING REDEVELOPMENT PROJECTS.** Before carrying out a housing development project an authority must find that the project is necessary to alleviate a shortage of decent, safe and sanitary housing for persons of low or moderate income and their families as such income is determined by the authority pursuant to section 462.445, subdivision 1. No housing development project involving the use of the power of eminent domain shall be carried out by an authority without the prior approval of the governing body of the municipality in which the project is located. A housing development project or any interest therein may be sold or leased to private developers by sale or lease before, during or after the completion of construction of improvements thereon. Such sale or lease shall be in accordance with the provisions of section 462.525, subdivisions 2, 5 and 7, except that the provisions thereof requiring conformance to a redevelopment plan shall not be applicable. Such sale or lease may be made for other than housing purposes if the authority finds that changed circumstances arising subsequent to the acquisition of the project make a sale or lease for housing purposes inappropriate. Nothing in this section shall be construed to limit the power of the authority to acquire or dispose of real property pursuant to section 462.445, subdivision 1, clause (7) and sections 6 and 7 of this act, except that any exercise of the power of eminent domain pursuant to section 462.445, subdivision 1, clause (7) shall not be carried out by an authority without the prior approval of the governing body of the municipality in which the housing development project is located. The authority shall have the power to transfer such real property in accordance with the provisions of section 462.445, subdivision 1, clause (7) and sections 6 and 7 of this act before, during or after the completion of construction, rehabilitation, or improvements thereon, except that such transfer shall be in accordance with the provisions of section 462.525, subdivisions 2, 5 and 7 except as elsewhere provided in this act.

Sec. 5. Minnesota Statutes 1971, Section 462.525, Subdivision 1, is amended to read:

**462.525 DISPOSAL OF PROPERTY.** Subdivision 1. **SALE, LEASE, OR DEVELOPMENT.** In accordance with a redevelopment plan, an authority may make any of its land in a redevelopment project available for use by private individuals, firms, corporations, partnerships, insurance companies, or other private interests, or by public agencies, by sale, lease, or otherwise, or the authority itself may retain property for redevelopment by it. Such land shall be made available at a price which shall, except as provided for sections 6 and 7 of this act, take into consideration the estimated fair market or rental value of the cleared land as determined pursuant to Minnesota Statutes, Section

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462.541, for proposed uses in accordance with the redevelopment plan.

Sec. 6. Minnesota Statutes 1971, Section 462.525, is amended by adding a subdivision to read:

**Subd. 9. SALE, GRANT OR DEVELOPMENT.** With or without accordance to a redevelopment plan an authority may make any of its lands in a project which are vacant, open and undeveloped or lands which contain vacated residential dwelling structures which are substandard as that term is defined in section 462.445, subdivision 1, clause (7) available for use by sale, lease, grant, transfer, conveyance, or otherwise to persons or families of low and moderate income, at a price which may take into consideration the estimated fair market value of the real estate, as determined pursuant to section 462.541, if such low or moderate income persons or families have the financial ability and/or building trade skills, as determined by the authority to build on such vacant, upon and undeveloped land or to repair, improve or rehabilitate such residential dwelling structures, so as to conform with the applicable state, county, or city, health, housing, building, fire prevention and housing maintenance codes within a reasonable period of time as determined by the authority. Provided further that the authority may require an agreement from such persons or families of low or moderate income to build on such lands or to repair, improve, or rehabilitate such residential dwelling structures within a reasonable period of time so as to conform to such codes as a condition to final legal title to such lands and such residential dwelling units. Nothing in this act shall prohibit an authority from making rehabilitation loans and grants, pursuant to section 462.445, subdivision 1, clause (9), or procuring other authorized financial assistance for persons or families of low and moderate income who acquire real property pursuant to this section, in furtherance of the objectives of this section.

Sec. 7. Minnesota Statutes 1971, Section 462.525, is amended by adding a subdivision to read:

**Subd. 10. EXCESS LAND.** On or before December 31 of each year, each authority shall make a survey of all lands held, owned or controlled by it to determine what land, including air rights, is in excess of its foreseeable needs. A description of each parcel found to be so in excess of foreseeable needs shall be made a matter of public record. Any low or moderate income citizen, redevelopment corporation, or nonprofit housing corporation shall upon request be provided with a list of said parcels without charge. With or without accordance to a redevelopment plan an authority thereafter may make any such excess lands available for use as a housing or housing development project by a redevelopment or nonprofit housing corporation by sale, lease, grant, transfer, conveyance or otherwise, at a price which may take into consideration the estimated fair market or rental value of the real property, as determined pursuant to section 462.541 and upon such terms and conditions, notwithstanding any other provisions of law to the contrary as the authority may deem to be best suited to the develop-

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ment of the parcel for housing available to persons and families of low and moderate income.

Sec. 8. Minnesota Statutes 1971, Section 462.545, Subdivision 1, is amended to read:

**462.545 PUBLIC REDEVELOPMENT COST; PROCEEDS; FINANCING.** Subdivision 1. **FINANCING PLANS AUTHORIZED.** The cost of a project, including administrative expense of the authority allocable 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 project 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, or low income groups, public housing for low-income groups, commercial and other purposes, at its fair use value, except as provided in sections 6 and 7 of this act, 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 sections 462.515 to 462.545, including the defrayment of the differences 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 allocable to the project and any annual capital proceeds, an authority may, in its discretion, finance such projects in any one, by any combination of, the following methods, which are also dealt with in sections 462.415 to 462.711.

Approved March 23, 1974.

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**CHAPTER 229—S.F.No.3144**  
**[Coded in Part]**

*An act relating to retirement; miscellaneous amendments to the public employees retirement law; providing benefits to qualified survivors of a basic member or a member of the police and fire fund; including members of the Association of Minnesota Counties in membership in the public employees retirement association; amending Minnesota Statutes 1971, Sections 353.01, Subdivisions 19 and 24; 353.05; 353.16; 353.32, by adding a subdivision; and 353.36, by adding a subdivision; and Chapter 353, by adding a section; and Minnesota Statutes, 1973 Supplement, Sections 353.01, Subdivisions 2b, 6, 10, 12, 16, and 20; 353.03, Subdivision 1; 353.27, Subdivisions 4 and 13; 353.29, Subdivision 2; 353.31, Subdivision 1; 353.32, Subdivision 1; 353.651, Subdivision 2; 353.657, Subdivision 3; and 353.71, Subdivision 2; repealing Minnesota Statutes, 1973 Supplement, Section 353.40.*

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

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