



League of Women Voters of Minnesota Records

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League of Women Voters of Minnesota, 555 Wabasha, St. Paul, Minnesota 55102
January 1974

To: Local Leagues
From: Ann Knutson, State Board
Re: Combined city-village code for municipalities
without a home rule charter.

January 18, 1974

Questions about this code have been directed to local Leagues as well as the state League. The following explanation covers the "essentials." For specifics in your community, check with local governmental officials. You may wish to distribute the data from this memo and your local research to your members in your bulletin and to your community by a feature article for your local newspaper.

The 1973 Legislature has attempted in Chapter 123 of the Minnesota Statutes to simplify the statutes relating to municipal government by bringing basic laws relating to villages, boroughs and cities without home rule charters under a single code of statutes. The laws previously were characterized by unnecessary duplication and inconsistency of treatment resulting in much special legislation for municipal governments.

A three-phase program is proposed to recodify the statutes relating to various classes of cities and establish uniform statutory patterns for related municipal laws. The first phase of the project-city code-is reflected in this act: the act establishes two kinds of municipalities within the state:

- 1) home rule charter cities and
- 2) statutory cities.

Statutory cities are those municipalities that have not adopted a home rule charter. A village could refer to itself either as a village or a city, but the term "village" is no longer to be used in the statutes effective January 1, 1974.

The important change in the law provides for biennial elections to be held on the first Tuesday after the first Monday in November in all statutory cities after July 1, 1975, and in former villages beginning with the 1974 election. Biennial elections could be held either in odd or even numbered years; but if the governing body does not act by the specified date, the election would be held in even numbered years. Those who have a biennial system already in effect will not be affected.

Terms of offices are set: two years for mayor and four years for councilmen. In all cities (villages) the clerk and or treasurer are to be appointed, except those cities (villages) that operate under the Standard Plan. The method of election (ward, at-large, etc.) and the size of the council are not affected by the law.

Former statutory cities and the one borough would cease to be governed by special or general incorporation acts on July 1, 1975, or at an earlier date by appropriate resolution of the governing body.

Nothing in the law prevents any village or statutory city from adopting a home rule charter. Also, in Chapter 503, an amendment to Home Rule Charter Enabling Act consolidates into a single section the various provisions relating to amendments of charters, and authorizes any city to abandon its charter and become a statutory city. Under previous law only cities of the 4th class could abandon a charter.

For those who want additional information the following references are useful:

November City Election--Odd or Even Years? 180a.3, Revised, October 1973.
Optional Plans of Statutory City-Village Government, 390E.2, Revised August
1973.
City Code, 390a.7, September 1973.

All from the League of Minnesota Municipalities
3300 University Ave. SE
Minneapolis, MN 55414

Summary of the Development Districts Study

Minneapolis faces problems common to many cities: declining population, loss of middle and upper-middle income families, concentration of others requiring extensive social services, removal of housing, decline of commercial areas and loss of industry. These trends indicate increasing costs for social services, shrinking tax revenues, a decline in the job market and a threat to the social and economic vitality of the city and the entire area, all of which increase the difficulty of attracting conventionally financed development to the city. Another problem is housing, and finding ways to maintain and rehabilitate city neighborhoods. Financing redevelopment is a major problem, with federal categorical grants drying up and revenue sharing uncertain.

As a response to the problems the 1971 Legislature authorized Minneapolis to create two demonstration *development districts*. The Act was intended primarily for commercial redevelopment, but may also be used for residential. It enables the city to assemble land, clear it, and sell it to developers at reasonable cost, while exercising control over planning and design. After public hearings and the Planning Commission's recommendation, the City Council designates the districts, at which time it must present a program for their physical improvement.

Minneapolis' two projects are currently under way. Nicollet-Lake is primarily a commercial development, with a shopping mall, a recreation center and about 600 units of market-rate housing. Loring Park is mainly residential, providing about 2600 units of housing on 26 acres, and including a "finger park" between Loring Park and the Mall.

The key to the Development District Act is *tax increment financing*, a method of local funding, which under present law is used for development districts and Housing and Redevelopment Authority (HRA) projects. The City sells bonds to pay for acquiring land and building public facilities. The *original assessed valuation* of the property is determined, and from the base year until the bonds are paid off, all taxes (to the city, county and school district) are based on that value. Owners within the district pay taxes on the *increasing value* of their property as redevelopment proceeds. The difference (above the original assessed valuation) is used to pay off the bonds.

While the Legislature didn't specify criteria for selecting sites, nor impose limits on their size, for purposes of development it did not grant the city *power of eminent domain*, a power to condemn private property for public use with just compensation to the owner. Many officials believe that without such power it will be almost impossible to carry out the development program.

Relocation of residents and businesses is a major cost of land acquisition. Although present law doesn't require it, Minneapolis has pledged relocation benefits at levels specified in the federal Uniform Relocation Assistance and Real Property Act of 1970, and has contracted with the Minneapolis HRA to do the work. HRA may slow the pace of demolition if its cumulative workload is too great or if there is no possibility for relocation.

Planners face problems with tax increment financing, which depends on greatly increased property values. It is conducive to building high-rise high-density housing for middle to upper income groups. (Market rate housing is taxed at 40%; subsidized housing at 22%.) Development districts tend to be located where valuations are low or declining, removing low-income housing - hard to replace with the funding now available. Further, this method discourages rehabilitation of existing structures.

The Minneapolis Industrial Development Commission (MIDC) is asking legislation to permit it to use the development district idea in attracting industry back to the city. Between 1962 and 1970 Minneapolis lost 176 industrial firms to the suburbs. MIDC has

been working with the Minneapolis HRA, already empowered by state law to use tax increment financing. With the current moratorium on federal funds, HRA has partially funded five urban renewal projects that way and is seeking to finance three industrial projects and one residential-commercial. The City Council must approve all such projects.

Tax increment financing is controversial for many reasons. Of the total tax dollar on Minneapolis property, 34.2% goes to the city, 22.6% to the county and 41.3% to the school district. In development districts valuations are frozen for all taxing jurisdictions, all of which are concerned about their tax base; however, the county and the school district have no vote in the matter.

One controversy arose because the City Council and its Department of Planning and Development have sought the same powers HRA already has; i.e., that it not be limited to two development districts. While some limits on the proportion of land or tax base in development districts will probably be imposed, such limits would not apply to HRA projects. Thus, the Council will have to "watchdog" the amount of valuation frozen.

* The lack of time or boundary limits is of great concern. *Proposed amendments would set a 30 year limit on maturation of bonds, and certain limits on boundaries. It has been suggested that the city must freeze values before demolition starts.*

* There are no criteria for designating a development district; e.g., it need not show blight. It's hard to predict whether a borderline area's value will go up or down. Some suggest waiting until the value is low enough to attract private developers; others say that isn't really an alternative, since low price doesn't guarantee a buyer. There are advantages to renewing an area before it reaches rock bottom, including the city's control of its own growth pattern.

* While tax revenues from development districts are frozen, costs of services (police, fire, schools, etc.) may increase. *A debatable question.*

* Tax increment financing means increased reliance on the property tax at a time when the state is seeking alternatives. *However, in the funding of education and welfare there have been major shifts away from the property tax.*

High relocation costs make it seem feasible to draw district boundaries around low density areas, probably removing scarce low-income housing. While benefits are generous, relocation choices for low-income people are limited. Development district housing is geared to middle and upper income groups and toward high density. While long range plans on both city and metro levels favor high density housing near retail centers, there is concern for maintaining existing neighborhoods. Also, security is a serious problem in high density housing, although design is considered a key factor.

The degree of citizen participation has been controversial. The law permits the City Council to appoint a citizens advisory board. The LWV of Minneapolis has testified in favor of mandatory, elected resident councils, to have input at all stages of planning, with final decisions made by the Council. The LWV of Minnesota plans to suggest an amendment with similar provisions.

The Legislature is considering statewide development district legislation that will apply to Minneapolis if passed. Proposed amendments include limiting the amount of land or taxable valuation that could be frozen in development districts, and putting a 30 year limit on the maturation of bonds.

Other possible limitations: requiring the city to pay part of the tax increment to other taxing bodies; or remove completed parcels of land as the project progresses; specifying criteria for sites (presence of blight or restrictions on location); requiring the city to provide replacement housing (to increase the supply of low to moderate income housing); requiring the city to freeze valuations before demolition occurs; requiring approval from the Minneapolis Historical Preservation Commission before buildings of historical or neighborhood importance could be removed.

League of Women Voters of Minnesota, 555 Wabasha, St. Paul, Minnesota 55102
February 1974

Memo for Development Districts
Re: Statewide Development District bills
HF 1810 - SF 1322
To: Local League Presidents
From: Pat Lucas

Local municipal officials are requesting this legislation to enable them to redevelop sections of their cities that are showing signs of blight or are in danger of soon becoming blighted. They are of the opinion that they must have this tool on a statewide basis to avoid the necessity for individual municipalities to seek legislation. Several communities now have this legislation in effect - Red Wing, Duluth, Hopkins, Minneapolis (limited), Robbinsdale, St. Paul.

While local officials now plan to use the development district method in primarily commercial areas, League lobbyists have many concerns about the possible implications for housing and people.

Our concerns are expressed in the two attached statements. Also provided for your information is a summary of the Minneapolis League's recent study.

The major change that we have been requesting is that there be a mandatory requirement for a citizens advisory committee. We are not very popular at this point and are concerned that you know what we are doing and why so that you may respond to questions from your state representatives and senators.

The current status of the bills: HF 1810 has been passed by the House and is in a very different and in our opinion much better form than it started; SF 1322 is out of committee. It has been amended and now contains a stronger citizen advisory board and housing provisions. The bill will most likely end up in a conference committee and there is some doubt that there will be time to resolve the differences.

REPORT: To LWV of Region 10

FROM: Elna Ponto, Chairman of Ad Hoc Committee of Region 10 Leagues

MAY 19 1975

May 7 - Meeting in Rochester: Attending- Carolyn Richards and Lynda Woodhouse of Rochester, Carol Trantow and Roberta Anderson of Owatonna, and Elna Ponto of Freeborn County.

Carolyn Richards, Rochester League observer for Region 10 Commission, reported on the RDC Board meeting of May. 1. Her observations will be covered in summary of Quarterly report and elsewhere in this report. We discussed the County-wide meetings. Of those meetings where Leaguers attended it was felt that the publicity could have been improved to make the meetings more representative of the total community.

RDC Annual Meeting in Elgin, May 8: Attending- Vi Jelatis, Redwing, Carolyn Richards, Rochester and Elna Ponto, Freeborn County.

Summary of Quarterly Report:

- County-wide meetings concluded. Summary ready soon.
- Commission designated as "A-95 Clearinghouse" to review and comment on various assistance proposals.
- Grant application for planning for the aging submitted.
- Starting July 1 RDC 10 will be the policy-making body for criminal justice program although working jointly with RDC 9 until next year.
- Reg. 10 Developmental Disabilities Council has joined Commission and grant for that program will be submitted.
- Because of A-95 designation, Commission will be playing stronger role in regional manpower planning. Currently all work is being done in St. Paul, Commission will soon be assuming that responsibility. (Our League has been very interested in the CETA programs and are glad to see this.)
- Hiawatha Valley Resource Conservation and Development District will be a full partner with the Commission in their program.
- *Staff analyzed "regional and information referral" proposal to see if Commission should be involved. At this time felt it would be waste of tax dollars.
- Southeaster Libraries Cooperating has indicated willingness to share facilities and assist the Commission and all regional programs with library and other informational services.
- *Commission has suggested and will be pursuing decentralization of transportation planning from St. Paul to regional level.
- *Much Communication with Health Planning Council. HPC has recommended a 38-county "service area." Gov. Anderson and State Health Council have recommended Reg. 10 as the "health service area" for S.E. Minn. (The Commission voted \$6,000 funding for HPC from state appropriations as a "good faith" gesture in support of health planning through Dec. 1975)
- The staff is nearing completion of a descriptive profile of S.E. Minn. including history, first explorers, pioneers, its people, geology, etc.
- Sponsored a conference with State Housing Finance Agency and seminar with Governor's Trails Advisory Council.
- Commission has been informed that it has accomplished more in a shorter period of time than any other Commission in Minnesota. It is organizing Reg. 10 to carry out its legislative mandate. By August the local officials and citizens of S.E. Minn. will be ready to meet the challenge of regionalism and responsibly control it and make it work for us.

The Commission or policy body is made up of 46 elected officials- 2 women and 44 men. Executive committee is made up of one member from each county and chairman at large, all men. Five full time professionals on staff- 3 men and 2 women.

The Commission meets quarterly- the Executive committee meets monthly. Two staff positions, Director of Human Services and Director of Community Services are not filled to date.

Public interest representation on Commission: Discussed at both Board and Annual Mtg. Commission members heard recommendation that the 6 representatives from public interest groups be in accord with the five major program areas and sixth would be a minority person. Many organizations in the region have inquired about representation.

The five program areas are- Regional Development, Environmental Resources Communications, Human Services and Community Services. As I review the Commission's work program in relationship to Leagues areas of concern for the public interest, The League could very well fit into all of these categories. Because the Commission determines policy for all areas of the program it seems that the broad background that League members have would be an attribute to the Commission.

Mention has been made for the establishment of Advisory Councils. It would seem, again, because of our broad program, this should be a way in which League members could make a contribution.

A few Commission members approached me after the meeting to inquire if a League person were given an opportunity to serve on the Commission, would she be representative of all the Leagues in the Region and be in contact. Because of our common positions and programs, I believe she would. It was also the intent of the League members who met originally that all Leagues in Region 10 would support one person for the appointment. That person would have a responsibility to be in communication with all of the Leagues.

The League members who met on May 7 agreed to my continuing as Chairman of the ad hoc Committee to keep in touch. As it appeared nothing is happening too fast regarding public interest group representation, it was decided to review this later.

My thanks to the Leagues for the communications I have received and to those Leagues who had members at our luncheon meeting in Rochester and at the Annual Meeting of the Commission in Elgin.

Our Congratulations to Robert Anderson, Council member of Owatonna and a Leaguere, for being selected to represent her area on the Commission.

The next RDC Board meeting will be -- June 5, Holiday Inn-Downtown, Rochester. Members have dinner at 6:30. I believe mtg. begins at 7:30.

The next Commission meeting will be its first Annual Convention in Aug. Governor Anderson has been invited.

One of the informative parts of the meeting included a slide presentation on the State's Home Improvement Program. Because of Leagues concern for Housing, I have tried to summarize some of the information. If you wish more you could write to the Minneosta Housing Finance Agency, 480 Cedar Street, St. Paul, Mn. 55101 - or perhaps your Commission members would share some of the material. This sounds like a good program and perhaps one you would like to see implemented in your area.

Red Wing League should be commended for their out-state concerns and initiation of a caucus at convention. Hope all of your delegates will attend the Caucus. Will see some of you at Convention in June.

If I can be of further help to any of you, please write or call.

The Commission members re-elected all of the officers for another year.