

## CHAPTER 328—S.F.No. 522

*An act relating to community development; authorizing the establishment of affordable housing programs under the administration of the Minnesota housing finance agency; establishing a neighborhood preservation program; revising certain tenant damage provisions in landlord-tenant actions; regulating tenant screening services; establishing a rent escrow system; providing mandatory building repair fines; authorizing a housing calendar consolidation pilot project in Hennepin and Ramsey counties; revising certain housing receivership provisions; providing a limited right of entry to secure vacant or unoccupied buildings; providing for city housing rehabilitation loan programs; establishing the community and neighborhood development organization program; establishing a child development program; authorizing a neighborhood revitalization program; establishing a youth employment and housing program; requiring housing impact reports and replacement housing under certain conditions in cities of the first class; imposing penalties; amending Minnesota Statutes 1988, sections 268.361, subdivision 4, and by adding a subdivision; 268.362; 268.364; 268.365; 268.366; 268.367; 282.01, subdivision 1; 462A.03, by adding a subdivision; 462A.05, subdivisions 24 and 27, and by adding subdivisions; 462A.21, subdivisions 4k and 12, and by adding subdivisions; 462C.02, by adding subdivisions; 462C.05, by adding a subdivision; 463.15, subdivisions 3 and 4; 463.16; 463.161; 463.17; 463.20; 463.21; 463.22; 469.007; 469.012, subdivision 1; 504.255; 504.26; 566.17; 566.175, subdivision 1; 566.29, subdivisions 1 and 4, and by adding subdivisions; 580.04; 580.12; 580.23, subdivision 1; 580.24; 581.10; 582.03; and 582.30, subdivision 2; Laws 1974, chapter 285, sections 1, 2, 3, 4, and by adding a section; proposing coding for new law in Minnesota Statutes, chapters 16B; 116J; 129A; 363; 462A; 462C.13; 469; 504; 566; and 582; repealing Minnesota Statutes 1988, section 474A.081, subdivision 3; Laws 1974, chapter 351, sections 1 to 4, as amended; Laws 1975, chapter 260, sections 1 to 5; and Laws 1987, chapters 384, article 3, section 22; and 386, article 6, sections 4 to 11.*

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

## ARTICLE 1

## AFFORDABLE HOUSING PROGRAMS

## Section 1. [16B.89] ACQUISITION OF SURPLUS FEDERAL PROPERTY.

The commissioner of administration, after consultation with one or more nonprofit organizations with an interest in providing housing for homeless veterans and their families, may acquire property from the United States government that is designated by the General Services Administration as surplus property. The commissioner of administration may lease the property to a qualified nonprofit organization that agrees to develop or rehabilitate the property for the purpose of providing suitable housing for veterans and their families. The lease agreement with the nonprofit organization may require that the property be developed for use as housing for homeless and displaced veterans and their families and for veterans and their families who lose their housing.

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Sec. 2. [129A.11] ACCESSIBLE HOUSING INFORMATION.

The commissioner of jobs and training may make accessible housing information grants to eligible organizations to develop, maintain, and publicize a list of accessible housing units within their area of operation, based on recommendations of the disability council. For purposes of this section, accessible housing unit means an accessible housing unit that meets the handicapped facility requirements of the state building code, Minnesota Rules, chapter 1340. The list may also include housing units that do not meet handicapped facility code requirements, but that are accessible to disabled persons. The list must be made available at no cost to persons seeking accessible housing and must be updated at least every two months. An eligible organization must have the capability to develop, maintain, and publicize a list of accessible housing units within the organization's area of operation.

Sec. 3. Minnesota Statutes 1988, section 462A.03, is amended by adding a subdivision to read:

Subd. 21. CITY. "City" has the meaning given in section 462C.02, subdivision 6.

Sec. 4. Minnesota Statutes 1988, section 462A.05, is amended by adding a subdivision to read:

Subd. 14c. NEIGHBORHOOD PRESERVATION. It may agree or enter commitments to purchase, make, or participate in making loans described in subdivision 14 for programs approved by the agency for the preservation of designated neighborhoods. To achieve the policy of economic integration stated in section 462A.02, subdivision 6, the programs may authorize loans to borrowers having ownership interests in properties in the neighborhood who are not eligible mortgagors as defined in section 462A.03, subdivision 13. The aggregate original principal balances of noneligible mortgagor loans in a neighborhood benefiting from financing under this subdivision must not exceed 25 percent of the total amount of neighborhood preservation loan funds allocated to the neighborhood under the program.

Sec. 5. Minnesota Statutes 1988, section 462A.05, subdivision 24, is amended to read:

Subd. 24. It may engage in housing programs for low and moderate income elderly, handicapped, or developmentally disabled persons, as defined by the agency, to provide grants or loans, with or without interest, for

- (1) accessibility improvements to residences occupied by elderly persons;
- (2) housing sponsors, as defined by the agency, of home sharing programs to match existing elderly homeowners with prospective tenants who will contribute either rent or services to the homeowner, where either the homeowner or the prospective tenant is elderly, handicapped, or developmentally disabled;

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(3) the construction of or conversion of existing buildings into structures for occupancy by the elderly that contain from three to 12 private sleeping rooms with shared cooking facilities and common space; and

(4) housing sponsors, as defined by the agency, to demonstrate the potential for home equity conversion in Minnesota for the elderly, in both rural and urban areas, and to determine the need in those equity conversions for consumer safeguards.

In making the grants or loans, the agency shall determine the terms and conditions of repayment and the appropriate security, if any, should repayment be required. The agency may provide technical assistance to sponsors of home sharing programs or may contract or delegate the provision of the technical assistance in accordance with section 462A.07, subdivision 12.

Housing sponsors who receive funding through these programs shall provide homeowners and tenants participating in a home sharing program with information regarding their rights and obligations as they relate to federal and state tax law including, but not limited to, taxable rental income, homestead credit under chapter 273, and the property tax refund act under chapter 290A.

Sec. 6. Minnesota Statutes 1988, section 462A.05, subdivision 27, is amended to read:

Subd. 27. The agency, or the corporations referred to in subdivision 26, may acquire property or property interests under subdivisions 25 and 26 and section 462A.06, subdivision 7, for the following purposes: (1) to protect a loan or grant in which the agency or corporation has an interest; or (2) to preserve for the use of low- and moderate-income persons or families multifamily housing, ~~previously financed by the agency, which was (i) previously financed by the agency, or (ii) not financed by the agency~~ but is benefited by federal housing assistance payments or other rental subsidy or interest reduction contracts. Property or property interests acquired for the purpose specified in clause (1) may be acquired by foreclosure, deed in lieu of foreclosure, or otherwise.

Multifamily property acquired as provided in clause (2) must be managed on a fee basis by an entity other than the agency or corporation. The agency or corporation may manage the property on a temporary basis until an agreement is entered into with another entity to manage the property. The agency or corporation shall make the property available for sale at a purchase price and on terms that are mutually agreeable to the parties. In the sale of property benefited by federal housing assistance, priority must be given to a buyer who agrees to maintain the federal housing assistance.

Sec. 7. Minnesota Statutes 1988, section 462A.05, is amended by adding a subdivision to read:

Subd. 34. HOME EQUITY CONVERSION LOANS. (a) The agency may make or purchase home equity conversion loans for low- or moderate-income elderly homeowners. Loan recipients must be at least 62 years of age, have

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substantial equity in their home, and have an income at or below 50 percent of the greater of statewide or area median income. The agency must inform a program participant of available home equity conversion loan counseling services before making a loan.

(b) Repayment of a home equity conversion loan may not be required until at least one of the following conditions occurs:

- (1) the sale or conveyance of the mortgaged property;
- (2) the mortgaged property is no longer the mortgagor's principal residence;
- (3) the death of the mortgagor; or
- (4) a violation of an obligation of the mortgagor under the mortgage.

For purposes of this section, an obligation of the mortgagor under the mortgage does not include immediate repayment upon completion of loan disbursements at the end of a specified term.

**Sec. 8. [462A.057] MINNESOTA RURAL AND URBAN HOMESTEADING PROGRAM.**

Subdivision 1. ESTABLISHMENT; PURPOSE. There is established the Minnesota rural and urban homesteading program to be administered by the agency for grants to eligible applicants to acquire, rehabilitate, and sell eligible property. The program is directed at single family residential properties in need of rehabilitation that are sold to "at risk" homebuyers committed to strengthening the neighborhood and following a good neighbor policy.

Subd. 2. DEFINITIONS. For the purposes of this section, the following terms have the meanings given them.

(1) "Contract for deed" is the agreement between the homebuyer and eligible applicant as established by the agency.

(2) "Eligible organization" or "organization" means a political subdivision, nonprofit or cooperative organization, as defined by the agency, housing and redevelopment authority, or other organization designated by the agency, which demonstrates the capacity to perform the duties outlined in subdivision 5.

(3) "Eligible property" or "property" means a single family residential dwelling and surrounding property that is vacant, condemned, abandoned, or otherwise defined as eligible by the agency, which, if rehabilitated, may prevent or arrest the spread of blight.

(4) "Homebuyer" means an individual or family who has not owned a residential dwelling in the past three years and meets the definition of "at risk" established by the agency under subdivision 4.

(5) "Designated home ownership area" or "designated area" means a specific area where the acquisition, rehabilitation, and sale of eligible properties may

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take place under this section. In the metropolitan area, as defined in section 473.121, subdivision 2, a designated area must be a specific four square block area.

(6) "Neighborhood volunteer resident advisory board" or "advisory board" means the board established by an organization under subdivision 6.

(7) "Program" means the Minnesota rural and urban homesteading program established in subdivision 1.

Subd. 3. GRANTS. The agency may award grants of up to \$300,000 to eligible organizations. The grants must be used by the organization to buy eligible properties and pay for the costs of rehabilitating those properties. Up to \$30,000 of the grant award may be used for the administrative costs of the organization and for other costs associated with the acquisition and sale of properties under this program including the payment of taxes on the property during the period between the purchase and sale of the property.

Subd. 4. AGENCY POWERS; DUTIES. The agency shall:

(1) establish criteria for selecting which eligible organizations that apply for grants under this section receive the grants;

(2) establish criteria for targeting the program to homebuyers who are at risk which is defined to include families and individuals who are homeless, receiving public assistance, or otherwise cannot afford home ownership; and

(3) establish the terms and provisions of the contract for deed and other program standards as necessary.

Subd. 5. ELIGIBLE ORGANIZATION; CAPACITY. The eligible organization must demonstrate to the agency that it has the capacity to:

(1) organize and continue an ongoing relationship with the neighborhood volunteer resident advisory boards required under subdivision 6;

(2) provide the necessary staff to administer the program on the local level for an extended period; and

(3) select and acquire property that meets the requirements established for this program and contract with businesses or organizations for the rehabilitation of the property.

Subd. 6. NEIGHBORHOOD VOLUNTEER RESIDENT ADVISORY BOARD. Each organization must establish a neighborhood volunteer resident advisory board for each designated area. The advisory board must consist of residents of the designated area that reflects the racial composition of the area. In the metropolitan area, as defined in section 473.121, subdivision 2, at least 20 percent of the advisory board must be minority residents. The advisory board must:

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(1) recommend to the organization properties that may be acquired for the program in the designated area; and

(2) recommend to the organization the selection of homebuyers.

**Subd. 7. PURCHASE AND REHABILITATION.** An eligible organization may acquire up to five properties in a designated area with the consent of the advisory board for that area. The organization must rehabilitate these properties to the standards established by the agency. The total maximum cost of the acquisition, rehabilitation, closing costs, and back taxes must be no greater than \$50,000 per individual property. The \$50,000 maximum may be exceeded if the excess costs over \$50,000 are attributed to rehabilitation or improvements to make the property handicapped accessible.

**Subd. 8. SALE OF PROPERTY TO HOMEBUYER.** The eligible organization may sell rehabilitated property to homebuyers. The terms and other provisions of the contract for deed must be established by the agency. The following requirements must be included in the contract: (1) the purchase price paid by the home buyer must be equal to the total costs of acquiring and rehabilitating the property; (2) no down payment or interest payment is required of the home buyer; and (3) the monthly payment must equal 25 percent of the home buyer's gross monthly income.

**Subd. 9. RIGHT TO REPURCHASE.** The eligible organization may repurchase the property if the home buyer rents, assigns, vacates, transfers, or offers to sell the property within 20 years of the purchase of the property from the organization. This option to repurchase does not apply to a transfer of the property to a surviving joint tenant or heir of the home buyer. If the organization chooses not to exercise its option to repurchase the property, the agency may repurchase the property.

The repurchase price paid by the organization or the agency may not exceed the lesser of the (1) appraised value of the property at the time of repurchase, or (2) the sum of:

(i) the total amount paid by the home owner to the organization for debt payment on the contract for deed;

(ii) the value of any major improvements to the property that are paid directly by the home buyer and were not part of the required monthly payment; and

(iii) the product of the sum of (i) and (ii), and the increase in inflation based on the housing component of the federal Consumer Price Index.

**Subd. 10. REPORTS.** Each organization that receives a grant under this section shall submit an annual report to the agency by December 1 of each year that describes the use of grant funds received under this section.

The agency shall prepare and submit an annual report to the legislature and the governor by January 15 of each year, beginning in 1991, that summarizes

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the reports of the organizations. The agency's report may also include recommendations to improve the program.

**Sec. 9. [462A.203] HOUSING PRESERVATION PROGRAM.**

Subdivision 1. ESTABLISHMENT. The agency may establish a housing preservation program for the purpose of making housing preservation grants to cities. Cities may use the grants to establish revolving loan funds for the acquisition, improvement, or rehabilitation of residential buildings for the purpose of preserving eligible housing. To achieve the policy of economic integration stated in section 462A.02, subdivision 6, the aggregate original principal balances of noneligible mortgagor loans must not exceed 25 percent of the total amount of housing preservation loan funds allocated to a city provided that the mortgagor's income must not exceed 110 percent of the area median income. Housing preservation loans may not be made for housing located within a targeted neighborhood designated under a neighborhood revitalization program.

Subd. 2. ELIGIBILITY REQUIREMENTS. A city's application for a housing preservation grant must include a geographic description of the area for which the grant will be used. A city may designate only one area for each grant application submitted, but may submit more than one application. The application must include a city council resolution certifying that the designated area meets the following requirements:

- (1) at least 70 percent of the single-family housing is at least 35 years old;
- (2) at least 60 percent of the single-family housing is owner-occupied;
- (3) the average market value of the area's owner-occupied housing is not more than 100 percent of the purchase price limit for existing homes eligible for purchase in the area under the agency's home mortgage loan program; and
- (4) the geographic area consists of contiguous parcels of land.

Subd. 3. LOCAL MATCH. In order to qualify for a program grant, a city must match every dollar of state money with one dollar of city matching funds. City matching funds may consist of:

- (1) money from the general fund or a special fund of the city;
- (2) money paid or repaid to a city from the proceeds of a grant that the city has received from the federal government, a profit or nonprofit corporation, or another entity or individual;
- (3) the greater of the fair market value or the cost to the city of acquiring land, buildings, equipment, or other real or personal property that a city contributes, grants, or loans to a profit or nonprofit corporation, or other entity or individual in connection with the implementation of the housing preservation program;

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(4) money to be used to install, reinstall, repair, or improve the infrastructure facilities of an eligible area;

(5) money contributed by a city to pay issuance costs or to otherwise provide financial support for revenue bonds or obligations issued for a project or program related to the implementation of a housing preservation program; and

(6) money derived from fees received by a city in connection with its community development activities that are to be used in implementing a housing preservation program.

Subd. 4. ADVISORY COMMITTEE. Before a city may make any loans under the housing preservation program, the city must establish an advisory committee to advise and assist the city in implementing the housing preservation program.

Sec. 10. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 3a. CAPACITY BUILDING REVOLVING LOAN FUND. It may establish a revolving loan fund for predevelopment costs for nonprofit organizations and local government units engaged in the construction or rehabilitation of low- and moderate-income housing, and for the purposes specified in sections 462A.05, subdivision 5; and 462A.07, subdivisions 2, 3, 3a, 5, 5a, 6, 7, 11, and 16. The agency may delegate the authority to administer the revolving loan fund for designated areas in the state to existing nonprofit organizations. Nonprofit entities selected to exercise such delegated powers must have sufficient professional housing development expertise, as determined by the agency, to evaluate the economic feasibility of an applicant's proposed project. Loans to nonprofit organizations or local government units under this subdivision may be made with or without interest as determined by the agency.

Sec. 11. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 3b. CAPACITY BUILDING GRANTS. It may make capacity building grants to nonprofit organizations, local government units, Indian tribes, and Indian tribal organizations to expand their capacity to provide affordable housing and housing-related services. The grants may be used to assess housing needs and to develop and implement strategies to meet those needs, including the creation or preservation of affordable housing and the linking of supportive services to the housing. The agency shall adopt rules specifying the eligible uses of grant money. Funding priority must be given to those applicants that include low-income persons in their membership, have provided housing-related services to low-income people, and demonstrate a local commitment of local resources, which may include in-kind contributions. Grants under this subdivision may be made only with specific appropriations by the legislature.

Sec. 12. Minnesota Statutes 1988, section 462A.21, subdivision 4k, is amended to read:

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Subd. 4k. **HOUSING DEVELOPMENT FUND.** The agency may make grants for residential housing for low-income persons under section 462A.05, subdivision 28, ~~from funds specifically appropriated by the legislature for that purpose~~ and may pay the costs and expenses for the development and operation of the program.

Sec. 13. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 8b. FAMILY RENTAL HOUSING. It may establish a family rental housing assistance program to provide loans or direct rental subsidies for housing for families with incomes of up to 60 percent of area median income. Priority must be given to those developments with resident families with the lowest income. The development may be financed by the agency or other public or private lenders. Direct rental subsidies must be administered by the agency for the benefit of eligible families. Financial assistance provided under this subdivision to recipients of aid to families with dependent children must be in the form of vendor payments whenever possible. Loans and direct rental subsidies under this subdivision may be made only with specific appropriations by the legislature.

Sec. 14. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 8c. RENTAL HOUSING FOR INDIVIDUALS. It may establish a rental housing assistance program for persons of low income or with a mental illness to provide loans or direct rental subsidies for housing for individuals with incomes of up to 30 percent of area median income. Priority must be given to developments with the lowest income residents. Housing for the mentally ill must be operated in coordination with social service providers who provide services to tenants. The developments may be financed by the agency or other public or private entities. Direct rental subsidies must be administered by the agency for the benefit of eligible tenants. Financial assistance provided under this subdivision must be in the form of vendor payments whenever possible. Loans and direct rental subsidies under this subdivision may be made only with specific appropriations by the legislature.

Sec. 15. Minnesota Statutes 1988, section 462A.21, subdivision 12, is amended to read:

Subd. 12. **TEMPORARY HOUSING.** It may make loans or grants for the purpose of section 462A.05, subdivision 20, and may pay the costs and expenses necessary and incidental to the loan or grant program authorized therein. ~~Grants pursuant to section 462A.05, subdivision 20 may be made only with specific appropriations by the legislature.~~

Sec. 16. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

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Subd. 12a. PROGRAM MONEY TRANSFER. Grants authorized under section 462A.05, subdivisions 20, 28, and 29, may be made only with specific appropriations by the legislature, but unencumbered balances of money appropriated for the purpose of loans or grants for agency programs under these subdivisions may be transferred between programs created by these subdivisions or in accordance with section 462A.20, subdivision 3.

Sec. 17. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 15. RURAL AND URBAN HOMESTEADING PROGRAM. It may make grants to eligible organizations for the Minnesota rural and urban homesteading program under section 8 and may pay the costs and expenses necessary and incidental to the grant program.

Sec. 18. [462A.28] HOME EQUITY CONVERSION LOAN COUNSELING PROGRAM.

Subdivision 1. PROGRAM ADMINISTRATION. The agency shall select and contract with a nonprofit corporation to administer a home equity conversion loan counseling program for senior homeowners. The organization selected must meet the following requirements:

(1) its primary purpose is to assist elderly persons in obtaining and maintaining affordable housing;

(2) it is knowledgeable about reverse mortgage programs;

(3) it has experience in counseling older persons on housing, including knowledge of alternative living arrangements for older persons; and

(4) it has knowledge of existing public support programs for older persons.

Subd. 2. PROGRAM RESPONSIBILITIES. The organization selected to administer the counseling program in subdivision 1 must perform the following program responsibilities with program clients:

(1) conduct a review of reverse mortgage programs, including the advantages, disadvantages, and alternatives;

(2) explain the effects of the mortgage on the client's estate and public benefits;

(3) explain the lending process; and

(4) discuss the client's supplemental income needs.

Sec. 19. STATEWIDE FUNDING ALLOCATION.

The Minnesota housing finance agency shall ensure that money appropriated for rental housing is distributed statewide and that within the seven-county metropolitan area, the area outside of the cities of Minneapolis and St. Paul receive an equitable distribution of the allocation.

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**Sec. 20. MINNESOTA RURAL AND URBAN HOMESTEADING PROGRAM PILOT PROJECT.**

The Minnesota housing finance agency may award up to two pilot project grants under the rural and urban homesteading program. The agency may not award more than one pilot project grant in a county.

**Sec. 21. REPEALER.**

Minnesota Statutes 1988, section 474A.081, subdivision 3, is repealed.

**Sec. 22. EFFECTIVE DATE.**

Section 1 is effective the day following final enactment.

**ARTICLE 2**

**LANDLORD-TENANT PROVISIONS**

Section 1. Minnesota Statutes 1988, section 504.255, is amended to read:

**504.255 UNLAWFUL OUSTER OR EXCLUSION; DAMAGES.**

If a landlord, an agent, or other person acting under the landlord's direction or control, unlawfully and in bad faith removes ~~or~~, excludes, or forcibly keeps out a tenant from a residential premises, the tenant may recover from the landlord ~~up to~~ treble damages or \$500, whichever is greater, and reasonable attorney's fees.

Sec. 2. Minnesota Statutes 1988, section 504.26, is amended to read:

**504.26 UNLAWFUL TERMINATION OF UTILITIES.**

Except as otherwise provided in this ~~subdivision section~~, if a landlord, an agent or other person acting under the landlord's direction or control, interrupts or causes the interruption of electricity, heat, gas, or water services to the tenant, the tenant may recover from the landlord treble damages or \$500, whichever is greater, and reasonable attorney's fees. It is a defense to any action brought under this ~~subdivision section~~ that the interruption was the result of the deliberate or negligent act or omission of a tenant or anyone acting under the direction or control of the tenant. The tenant may recover only actual damages under this ~~subdivision section~~ if:

(a) the tenant has not given the landlord, an agent or other person acting under the landlord's direction or control, notice of the interruption; or

(b) the landlord, an agent or other person acting under the landlord's direction or control, after receiving notice of the interruption from the tenant and

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within a reasonable period of time after the interruption, taking into account the nature of the service interrupted and the effect of the interrupted service on the health, welfare and safety of the tenants, has reinstated or made a good faith effort to reinstate the service or has taken other remedial action; or

(c) the interruption was for the purpose of repairing or correcting faulty or defective equipment or protecting the health and safety of the occupants of the premises involved and the service was reinstated or a good faith effort was made to reinstate the service or other remedial action was taken by the landlord, an agent, or other person acting under the landlord's direction or control within a reasonable period of time, taking into account the nature of the defect, the nature of the service interrupted and the effect of the interrupted service on the health, welfare and safety of the tenants.

**Sec. 3. [504.29] DEFINITIONS.**

Subdivision 1. APPLICABILITY. The definitions in this section apply to sections 3 to 5.

Subd. 2. OWNER. "Owner" has the meaning given it in section 566.18, subdivision 3.

Subd. 3. TENANT. "Tenant" has the meaning given it in section 566.18, subdivision 2.

Subd. 4. TENANT REPORT. "Tenant report" means a written, oral, or other communication by a tenant screening service that includes information concerning an individual's credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living, and that is collected, used, or expected to be used for the purpose of making decisions relating to residential tenancies or residential tenancy applications.

Subd. 5. TENANT SCREENING SERVICE. "Tenant screening service" means a person or business regularly engaged in the practice of gathering, storing, or disseminating information about tenants or assembling tenant reports for monetary fees, dues, or on a cooperative nonprofit basis.

**Sec. 4. [504.30] TENANT REPORTS; DISCLOSURE AND CORRECTIONS.**

Subdivision 1. DISCLOSURES REQUIRED. Upon request and proper identification, a tenant screening service must disclose the following information to an individual:

(1) the nature and substance of all information in its files on the individual at the time of the request; and

(2) the sources of the information.

A tenant screening service must make the disclosures to an individual without charge if information in a tenant report has been used within the past 30 days to deny the rental or increase the security deposit or rent of a residential housing unit to the individual. If the tenant report has not been used to deny the rental or increase the rent or security deposit of a residential housing unit within the past 30 days, the tenant screening service may impose a reasonable

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charge for making the disclosure required under this section. The tenant screening service must notify the tenant of the amount of the charge before furnishing the information. The charge may not exceed the amount that the tenant screening service would impose on each designated recipient of a tenant report, except that no charge may be made for notifying persons of the deletion of information which is found to be inaccurate or which can no longer be verified.

Subd. 2. CORRECTIONS. If the completeness or accuracy of an item of information contained in an individual's file is disputed by the individual, the tenant screening service must reinvestigate and record the current status of the information. If the information is found to be inaccurate or can no longer be verified, the tenant screening service must delete the information from the individual's file and tenant report. At the request of the individual, the tenant screening service must give notification of the deletions to persons who have received the tenant report within the past six months.

Subd. 3. EXPLANATIONS. The tenant screening service must permit an individual to explain any disputed item not resolved by reinvestigation in a tenant report. The explanation must be included in the tenant report. The tenant screening service may limit the explanation to no more than 100 words.

Subd. 4. COURT FILE INFORMATION. If a tenant screening service includes information from a court file on an individual in a tenant report, the outcome of the court proceeding must be accurately recorded in the tenant report, unless the outcome is not provided by the court. Whenever the court supplies information from a court file on an individual, in whatever form, the court shall include information on the outcome of the court proceeding when it is available. The tenant screening service is not liable under section 5 if the tenant screening service reports complete and accurate information as provided by the court.

Subd. 5. INFORMATION TO TENANT. If the owner uses information in a tenant report to deny the rental or increase the security deposit or rent of a residential housing unit, the owner must inform the prospective tenant of the name and address of the tenant screening service that provided the tenant report.

#### Sec. 5. [504.31] TENANT REPORT; REMEDIES.

The remedies provided in section 8.31 apply to a violation of section 4. A tenant screening service or owner in compliance with the provisions of the Fair Credit Reporting Act, United States Code, title 15, section 1681, et seq., is considered to be in compliance with section 4.

#### Sec. 6. [504.32] NOTICE REQUIREMENT.

Subdivision 1. DEFINITIONS. The definitions of "owner" and "tenant" in section 566.18 apply to this section.

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Subd. 2. NOTICE. The owner of federally subsidized rental housing must give tenants a one-year written notice under the following conditions:

- (1) a federal section 8 contract will expire;
- (2) the owner will exercise the option to terminate or not renew a federal section 8 contract and mortgage;
- (3) the owner will prepay a mortgage and the prepayment will result in the termination of any federal use restrictions that apply to the housing; or
- (4) the owner will terminate a housing subsidy program.

The notice shall be provided at the commencement of the lease if the lease commences less than one year before any of the above conditions apply.

Sec. 7. Minnesota Statutes 1988, section 566.17, is amended to read:

#### 566.17 EXECUTION OF THE WRIT OF RESTITUTION.

Subdivision 1. GENERAL. The officer holding the writ of restitution shall execute the same by making a demand upon defendant if found in the county or any adult member of the defendant's family holding possession of the premises, or other person in charge thereof, for the possession of the same, and that the defendant leave, taking family and all personal property from such premises within 24 hours after such demand. If defendant fails to comply with the demand, then the officer shall bring, if necessary, the force of the county and whatever assistance may be necessary, at the cost of the complainant, remove the said defendant, family and all personal property from said premises detained, immediately and place the plaintiff in the possession thereof. In case defendant cannot be found in the county, and there is no person in charge of the premises detained, so that no demand can be made upon the defendant, then the officer shall enter into the possession of the premises, breaking in if necessary, and the property of the defendant shall be removed and stored at a place designated by the plaintiff as provided under subdivision 2.

Subd. 2. REMOVAL AND STORAGE OF PROPERTY. (a) In cases where the defendant's personal property is to be stored in a place other than the premises, the officer shall remove all property of the defendant at the expense of the plaintiff.

The plaintiff shall have a lien upon all of the goods upon the premises for the reasonable costs and expenses incurred for removing the personal property and for the proper caring and storing the same, and the costs of transportation of the same to some suitable place of storage, in case defendant shall fail or refuse to make immediate payment for all the expenses of such removal from the premises and plaintiff shall have the right to enforce such lien by detaining the same until paid, and, in case of nonpayment for 60 days after the execution of the writ, shall have the right to enforce the lien and foreclose the same by public sale as provided for in case of sales under sections 514.18 to 514.22.

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(b) In cases where the defendant's property is to be stored on the premises, the officer shall enter the premises, breaking in if necessary, and the plaintiff may remove the defendant's personal property. The provisions of section 504.24 apply to property removed under this paragraph. The plaintiff must prepare an inventory and mail a copy of the inventory to the defendant's last known address or, if the defendant has provided a different address, to the address provided by the defendant. The inventory must be prepared, signed, and dated in the presence of the peace officer. The inventory must include the following:

(1) a listing of the items of personal property and a description of the condition of the property;

(2) the date, the signature of the plaintiff or the plaintiff's agent, and the name and telephone number of a person authorized to release the personal property; and

(3) the name and badge number of the peace officer.

The peace officer shall retain a copy of the inventory. The plaintiff is responsible for the proper removal, storage, and care of the defendant's personal property and is liable for damages for loss of or injury to the defendant's personal property caused by the plaintiff's failure to exercise care in regard to it as a reasonably careful person would exercise under like circumstances.

The plaintiff shall notify the defendant of the date and approximate time the officer is scheduled to remove the defendant, family, and the defendant's personal property from the premises. The notice must be sent by first-class mail. In addition, the plaintiff must make a good faith effort to notify the defendant by telephone. The notice must be mailed as soon as the information regarding the date and approximate time the officer is scheduled to enforce the writ is known to the plaintiff, except that the scheduling of the peace officer to enforce the writ need not be delayed because of the notice requirement. The notice must inform the defendant that the defendant and the defendant's property will be removed from the premises if the defendant has not vacated the premises by the time specified in the notice.

Subd. 3. PENALTY; WAIVER PROHIBITED. Unless the premises have been abandoned, a plaintiff, agent, or other person acting under the plaintiff's direction or control who enters the premises and removes the defendant's property in violation of this section is guilty of wrongful ouster under section 504.255 and is subject to penalty under section 504.25. The provisions of this section may not be waived or modified by any oral or written lease or other agreement.

Sec. 8. Minnesota Statutes 1988, section 566.175, subdivision 1, is amended to read:

Subdivision 1. UNLAWFUL EXCLUSION OR REMOVAL. For purposes of this section, "unlawfully removed or excluded" means actual or constructive removal or exclusion. Actual or constructive removal or exclusion may include

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the termination of utilities, or the removal of doors, windows, or locks. Any tenant who is unlawfully removed or excluded from lands or tenements which are demised or let to the tenant may recover possession of the premises in the following manner:

(a) The tenant shall present a verified petition to the county or municipal court of the county in which the premises are located, which petition shall:

(1) describe the premises of which possession is claimed and the owner, as defined in section 566.18, subdivision 3, of the premises;

(2) specifically state the facts and grounds that demonstrate that the removal or exclusion was unlawful including a statement that no judgment and writ of restitution have been issued under section 566.09 in favor of the owner and against petitioner as to the premises and executed in accordance with section 566.17; and

(3) ask for possession thereof.

(b) If it clearly appears from the specific grounds and facts stated in the verified petition or by separate affidavit of petitioner or the petitioner's counsel or agent that the removal or exclusion was unlawful, the court shall immediately order that petitioner have possession of the premises.

(c) The petitioner shall furnish monetary or other security if any as the court deems appropriate under the circumstances for payment of all costs and damages the defendant may sustain if the order is subsequently found to have been obtained wrongfully. In determining the appropriateness of any security the court shall consider petitioner's ability to afford monetary security.

(d) The court shall direct the order to the sheriff or any constable of the county in which the premises is located and the sheriff or constable shall execute the order immediately by making a demand upon the defendant, if found, or the defendant's agent or other person in charge of the premises, for possession of the premises. If the defendant fails to comply with the demand, the officer shall take whatever assistance may be necessary and immediately place the petitioner in possession of the premises. If the defendant or the defendant's agent or other person in control of the premises cannot be found and if there is no person in charge of the premises detained so that no demand can be made, the officer shall immediately enter into possession of the premises and place the petitioner in possession of the premises. The officer shall also serve the order and verified petition or affidavit without delay upon the defendant or agent, in the same manner as a summons is required to be served in a civil action in district court.

Sec. 9. Minnesota Statutes 1988, section 566.29, subdivision 1, is amended to read:

Subdivision 1. **ADMINISTRATOR.** The administrator may be ~~any~~ a person, local government unit or agency, other than an owner of the building, the

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inspector, the complaining tenant or any person living in the complaining tenant's dwelling unit. If a state, or court, or local agency is authorized by statute, ordinance or regulation to provide persons to act as administrators under this section, the court may appoint such persons as administrators to the extent they are available.

Sec. 10. Minnesota Statutes 1988, section 566.29, subdivision 4, is amended to read:

Subd. 4. **POWERS.** The administrator ~~shall be empowered~~ is authorized to:

(a) Collect rents from tenants and commercial tenants, evict tenants and commercial tenants for nonpayment of rent or other cause, rent vacant dwelling units on a month to month basis, rent vacant commercial units with the consent of the owner and exercise all other powers necessary and appropriate to carry out the purposes of Laws 1973, chapter 611;

(b) Contract for the reasonable cost of materials, labor and services necessary to remedy the violation or violations found by the court to exist and for the rehabilitation of the property in order to maintain safe and habitable conditions over the useful life of the property, and make disbursements for payment thereof from funds available for the purpose;

(c) Provide any services to the tenants which the owner is obligated to provide but refuses or fails to provide, and pay for them from funds available for the purpose;

(d) Petition the court, after notice to the parties, for an order allowing the administrator to encumber the premise to secure funds to the extent necessary to cover the cost of materials, labor, and services necessary to remedy the violation or violations found by the court to exist and for rehabilitation of the property in order to maintain safe and habitable conditions over the useful life of the property, and to pay for them from funds derived from the encumbrance; and

(e) Petition the court, after notice to the parties, for an order allowing the administrator to receive funds made available for this purpose by the municipality to the extent necessary to cover the cost of materials, labor, and services necessary to remedy the violation or violations found by the court to exist and for rehabilitation of the property in order to maintain safe and habitable conditions over the useful life of the property, and pay for them from funds derived from the municipal sources. The municipality shall recover disbursements by special assessment on the real estate affected, bearing interest at the rate determined by the municipality, not exceeding the rate established for finance charges for open-end credit sales under section 334.16, subdivision 1, clause (b), with the assessment, interest and any penalties to be collected the same as special assessments made for other purposes under state statute or municipal charter.

Sec. 11. Minnesota Statutes 1988, section 566.29, is amended by adding a subdivision to read:

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**Subd. 6. BUILDING REPAIRS AND SERVICES.** The administrator must first contract and pay for building repairs and services necessary to keep the building habitable before other expenses may be paid. If sufficient funds are not available for paying other expenses, such as tax and mortgage payments, after paying for necessary repairs and services, the owner is responsible for the other expenses.

Sec. 12. Minnesota Statutes 1988, section 566.29, is amended by adding a subdivision to read:

**Subd. 7. ADMINISTRATOR'S LIABILITY.** The administrator may not be held personally liable in the performance of duties under this section except for misfeasance, malfeasance, or nonfeasance of office.

Sec. 13. Minnesota Statutes 1988, section 566.29, is amended by adding a subdivision to read:

**Subd. 8. DWELLING'S ECONOMIC VIABILITY.** In considering whether to grant the administrator funds under subdivision 4, the court must consider factors relating to the long-term economic viability of the dwelling. The court's analysis must consider factors including the causes leading to the appointment of an administrator, the repairs necessary to bring the property into code compliance, the market value of the property, and whether present and future rents will be sufficient to cover the cost of repairs or rehabilitation.

Sec. 14. [566.291] RECEIVERSHIP REVOLVING LOAN FUND.

The Minnesota housing finance agency may establish a revolving loan fund to pay the administrative expenses of receivership administrators under section 566.29 for properties for occupancy by low- and moderate-income persons or families. Property owners are responsible for repaying administrative expense payments made from the fund.

Sec. 15. [566.34] ESCROW OF RENT TO REMEDY VIOLATIONS.

Subdivision 1. DEFINITIONS. The definitions in section 566.18 apply to this section.

Subd. 2. ESCROW OF RENT. If a violation exists in a building, a tenant may deposit the amount of rent due to the owner with the court administrator using the following procedure:

(a) For a violation of section 566.18, subdivision 6, clause (a), the tenant may deposit with the court administrator the rent due the owner along with a copy of the written notice of the code violation as provided in section 566.19, subdivision 2. The tenant may not deposit the rent or file the written notice of the code violation until the time granted to make repairs has expired without satisfactory repairs being made, unless the tenant alleges that the time granted is excessive.

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(b) For a violation of section 566.18, subdivision 6, clause (b) or (c), the tenant must give written notice to the owner specifying the violation. The notice must be delivered personally or sent to the person or place where rent is normally paid. If the violation is not corrected within 14 days, the tenant may deposit the amount of rent due to the owner with the court administrator along with an affidavit specifying the violation. The court must provide a simplified form affidavit for use under this clause.

As long as proceedings are pending under this section, the tenant must pay rent to the owner or as directed by the court and may not withhold rent to remedy a violation.

Subd. 3. COUNTERCLAIM FOR POSSESSION. The owner may file a counterclaim for possession of the premises in cases where the owner alleges that the tenant did not deposit the full amount of rent with the court administrator. The court must set the date for a hearing on the counterclaim not less than seven nor more than 14 days from the day of filing the counterclaim. If the rent escrow hearing and the hearing on the counterclaim for possession cannot be heard on the same day, the matters must be consolidated and heard on the date scheduled for the hearing on the counterclaim. The contents of the counterclaim for possession must meet the requirements for a complaint in unlawful detainer under section 566.05. The owner must serve the counterclaim as provided in section 566.06, except that the affidavits of service or mailing may be brought to the hearing rather than filed with the court before the hearing. The court must provide a simplified form for use under this section.

Subd. 4. DEFENSES. The defenses provided in section 566.23 are defenses to an action brought under this section.

Subd. 5. FILING FEE. The court administrator may charge a filing fee in the amount set for complaints and counterclaims in conciliation court, subject to the filing of an inability to pay affidavit.

Subd. 6. NOTICE OF HEARING. A hearing must be held within ten to 14 days of the day a tenant deposits rent with the court administrator. If the cost of remedying the violation, as estimated by the tenant, is within the jurisdictional limit for conciliation court, the court administrator shall notify the owner and the tenant of the time and place of the hearing by first class mail. The tenant must provide the court administrator with the owner's name and address. If the owner has disclosed a post office box as the owner's address under section 504.22, notice of the hearing may be mailed to the post office box. If the cost of remedying the violation, as estimated by the tenant, is above the jurisdictional limit for conciliation court, the tenant must serve the notice of hearing according to the rules of civil procedure. The notice of hearing must specify the amount the tenant has deposited with the court administrator, and must inform the owner that possession of the premises will not be in issue at the hearing unless the owner files a counterclaim for possession or an action under sections 566.01 to 566.17.

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Subd. 7. HEARING. The hearing shall be conducted by a court without a jury. A certified copy of an inspection report meets the requirements of rule 803(8) of the Rules of Evidence as an exception to the rule against hearsay, and meets the requirements of rules 901 and 902 of the Rules of Evidence as to authentication.

Subd. 8. RELEASE OF RENT PRIOR TO HEARING. If the tenant gives written notice to the court administrator that the violation has been remedied, the court administrator must release the rent to the owner and, unless the hearing has been consolidated with another action, must cancel the hearing. If the tenant and the owner enter into a written agreement signed by both parties apportioning the rent between them, the court administrator must release the rent in accordance with the written agreement and cancel the hearing.

Subd. 9. CONSOLIDATION WITH UNLAWFUL DETAINER. Actions under this section and actions in unlawful detainer brought under sections 566.01 to 566.17 which involve the same parties must be consolidated and heard on the date scheduled for the unlawful detainer.

Subd. 10. JUDGMENT. (a) Upon finding that a violation exists, the court may, in its discretion, do any or all of the following:

(1) order relief as provided in section 566.25, including retroactive rent abatement;

(2) order that all or a portion of the rent in escrow be released for the purpose of remedying the violation;

(3) order that rent be deposited with the court as it becomes due to the owner or abate future rent until the owner remedies the violation; or

(4) impose fines as required in section 16.

(b) When a proceeding under this section has been consolidated with a counterclaim for possession or an action in unlawful detainer under sections 566.01 to 566.17, and the owner prevails, the tenant may redeem the tenancy as provided in section 504.02.

(c) When a proceeding under this section has been consolidated with a counterclaim for possession or an action under an unlawful detainer under sections 566.01 to 566.17 on the grounds of nonpayment, the court may not require the tenant to pay the owner's filing fee as a condition of retaining possession of the premises when the tenant has deposited with the court the full amount of money found by the court to be owed to the owner.

Subd. 11. RELEASE OF RENT AFTER HEARING. Upon finding, after a hearing on the matter has been held, that no violation exists in the building or that the tenant did not deposit the full amount of rent due with the court administrator, the court shall order the immediate release of the rent to the owner. Upon finding that a violation existed, but was remedied between the

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commencement of the action and the hearing, the court may order rent abatement and must release the rent to the parties accordingly. Any rent found to be owed to the tenant must be released to the tenant.

Subd. 12. RETALIATION; WAIVER; RIGHTS AS ADDITIONAL. The provisions of section 566.28 apply to proceedings under this section. The tenant rights under this section may not be waived or modified and are in addition to and do not limit other rights or remedies which may be available to the tenant and owner, except as provided in subdivision 2.

**Sec. 16. [566.35] VIOLATIONS OF BUILDING REPAIR ORDERS.**

Subdivision 1. NONCOMPLIANCE; FINES. Upon finding an owner has willfully failed to comply with a court order to remedy a violation, the court shall fine the owner according to the following schedule:

(1) \$250 for the first failure to comply;

(2) \$500 for the second failure to comply with an order regarding the same violation; and

(3) \$750 for the third and each subsequent failure to comply with an order regarding the same violation.

Subd. 2. CRIMINAL PENALTY. An owner who willfully fails to comply with a court order to remedy a violation is guilty of a gross misdemeanor if it is the third or subsequent time that the owner has willfully failed to comply with an order to remedy a violation within a three-year period.

Subd. 3. FINES COLLECTED. Fines collected under subdivision 1 in Hennepin county must be used for expenses of the fourth judicial district, housing calendar consolidation project. Fines collected under subdivision 1 in Ramsey county must be used for expenses of the second judicial district, housing calendar consolidation project.

**Sec. 17. HOUSING CALENDAR CONSOLIDATION PILOT PROJECT.**

Subdivision 1. ESTABLISHMENT. A three-year pilot project may be established in the second and fourth judicial districts to consolidate the hearing and determination of matters related to residential rental housing and to ensure continuity and consistency in the disposition of cases.

Subd. 2. JURISDICTION. The housing calendar project may consolidate the hearing and determination of all proceedings under Minnesota Statutes, chapters 504 and 566; criminal and civil proceedings related to violations of any state, county or city health, safety, housing, building, fire prevention or housing maintenance code; escrow of rent proceedings; landlord-tenant damage actions; and actions for rent and rent abatement. A proceeding under sections 566.01 to 566.17 may not be delayed because of the consolidation of matters under the housing calendar project.

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Subd. 3. REFEREE. The chief judge of district court may appoint a referee for the housing calendar project. The referee must be learned in the law. The referee must be compensated according to the same scale used for other referees in the district court. Minnesota Statutes, section 484.70, subdivision 6, applies to the housing calendar project.

Subd. 4. REFEREE DUTIES. The duties and powers of the referee in the housing calendar project are as follows:

(1) to hear and report all matters within the jurisdiction of the housing calendar project and as may be directed to the referee by the chief judge; and

(2) to recommend findings of fact, conclusions of law, temporary and interim orders, and final orders for judgment.

All recommended orders and findings of the referee are subject to confirmation by a judge.

Subd. 5. TRANSMITTAL OF COURT FILE. Upon the conclusion of the hearing in each case, the referee must transmit to the district court judge, the court file together with the referee's recommended findings and orders in writing. The recommended findings and orders of the referee become the findings and orders of the court when confirmed by the district court judge. The order of the court is proof of the confirmation.

Subd. 6. CONFIRMATION OF REFEREE ORDERS. Review of any recommended order or finding of the referee by a district court judge may be had by notice served and filed within ten days of effective notice of the recommended order or finding. The notice of review must specify the grounds for the review and the specific provisions of the recommended findings or orders disputed, and the district court judge, upon receipt of the notice of review, must set a time and place for the review hearing.

Subd. 7. PROCEDURES. The chief judge of the district must establish procedures for the implementation of the pilot project, including designation of a location for the hearings. The chief judge may also appoint other staff as necessary for the project.

Subd. 8. EVALUATION. The state court administrator may establish a procedure in consultation with the chief judge of each district, each district administrator, and an advisory group for evaluating the efficiency and the effectiveness of consolidating the hearing of residential rental housing matters, and must report to the legislature by January 1, 1992. An advisory group, appointed by the state court administrator, may be established to provide ongoing oversight and evaluation of the housing calendar consolidation project. The advisory group must include representatives of the second and fourth judicial districts and must be composed of at least one representative from each of the following groups: the state court administrator's office; the district court administrator's office; the district judges; owners of rental property; and tenants.

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**Sec. 18. DEMONSTRATION PROJECTS.**

The establishment of a housing calendar project under section 17 is a demonstration project to evaluate the effectiveness of coordinating the adjudication of all housing-related cases in one court.

**Sec. 19. REPEALER.**

Sections 16, subdivision 3; 17; and 18 are repealed July 1, 1992.

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**ARTICLE 3****MISCELLANEOUS****Section 1. [363.032] AFFIRMATIVE MARKETING REGULATIONS.**

To promote and encourage open housing policies, the commissioner must establish affirmative marketing regulations for housing developers that receive more than \$50,000 in state or local funds. The regulations must require the management or marketing agency for the housing development to adopt an information distribution or marketing plan for actively informing minorities and other protected groups of available housing opportunities. For purposes of this subdivision, "protected groups" has the meaning given it in section 43A.02, subdivision 33. The commissioner may adopt rules to carry out the purposes of this section.

**Sec. 2. [363.033] RENTAL HOUSING PRIORITY; ACCESSIBLE UNITS.**

Subdivision 1. DEFINITIONS. The definitions in this subdivision apply to this section.

(a) "Accessible unit" means an accessible rental housing unit that meets the handicapped facility requirements of the state building code, Minnesota Rules, chapter 1340.

(b) "Owner" has the meaning given it in section 566.18, subdivision 3.

**Subd. 2. PRIORITY REQUIREMENT.** (a) An owner of rental housing that contains accessible units must give priority for the rental of an accessible unit to a disabled person or a family with a disabled family member who will reside in the unit. The owner must inform nondisabled persons and families that do not include a disabled family member of the possibility of being offered a non-handicapped-equipped unit as provided under this section before a rental agreement to rent an accessible unit is entered.

(b) If a nondisabled person or a family that does not include a disabled person is living in an accessible unit, the person or family must be offered a non-handicapped-equipped unit if the following conditions occur:

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(1) a disabled person or a family with a disabled family member who will reside in the unit has signed a rental agreement to rent the accessible unit; and

(2) a similar non-handicapped-equipped unit in the same rental housing complex is available at the same rent.

Sec. 3. Minnesota Statutes 1988, section 463.21, is amended to read:

**463.21 ENFORCEMENT OF JUDGMENT.**

If a judgment is not complied with in the time prescribed, the governing body may cause the building to be repaired, razed, or removed or the hazardous condition to be removed or corrected as set forth in the judgment, or acquire the building, if any, and real estate on which the building or hazardous condition is located by eminent domain as provided in section 463.152. The cost of ~~such~~ the repairs, razing, correction, or removal ~~shall may be~~: a lien against the real estate on which the building is located or the hazardous condition exists ~~and~~, or recovered by obtaining a judgment against the owner of the real estate on which the building is located or the hazardous condition exists. A lien may be levied and collected only as a special assessment in the manner provided by Minnesota Statutes 1961, sections 429.061 to 429.081, but the assessment ~~shall be~~ is payable in a single installment. When the building is razed or removed by the municipality, the governing body may sell the salvage and valuable materials at public auction upon three days' posted notice.

Sec. 4. Minnesota Statutes 1988, section 469.007, is amended to read:

**469.007 POWERS OF COUNTY AND MULTICOUNTY AUTHORITIES.**

Subdivision 1. POWERS. A county or multicounty authority and its commissioners shall, within the area of operation of the authority, have the same functions, rights, powers, duties, privileges, immunities, and limitations as are provided for housing and redevelopment authorities created for cities, and for the commissioners of those authorities. The provisions of law applicable to housing and redevelopment authorities created for cities and their commissioners shall be applicable to county and multicounty authorities and their commissioners, except as clearly indicated otherwise.

Subd. 2. POWERS AS TO HOUSING DEVELOPMENT PROJECTS. When a county or multicounty authority undertakes any housing project or housing development project involving the acquisition of multifamily housing rental properties that (1) were financed under the federal section 8 or section 236 programs, or (2) are designed to be affordable to persons or families with incomes not greater than 80 percent of median income for the metropolitan statistical area or nonmetropolitan county, and are located within any city or town, the authority shall notify the governing body of the city or town in writing of the location of the housing project or housing development project. If the governing body fails to take action on a housing project or housing development

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project in a writing which sets forth its reasons for the action within 30 days, the governing body is considered to have approved the location of the housing project or housing development project for purposes of any special or general law requiring local approval of the location of housing projects and housing development projects undertaken by county or multicounty authorities.

Sec. 5. Minnesota Statutes 1988, section 469.012, subdivision 1, is amended to read:

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 469.001 to 469.047, except that the power to levy and collect taxes or special assessments is limited to the power provided in sections 469.027 to 469.033. Its powers include the following powers in addition to others granted in sections 469.001 to 469.047:

(1) to sue and be sued; to have a seal, which shall be judicially noticed, and to alter it; to have perpetual succession; and to make, amend, and repeal rules consistent with sections 469.001 to 469.047;

(2) to employ an executive director, technical experts, and officers, agents, and employees, permanent and temporary, that it requires, and determine their qualifications, duties, and compensation; for legal services it requires, to call upon the chief law officer of the city 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, provided that those local public bodies, if requested, shall make the services available;

(3) to delegate to one or more of its agents or employees the powers or duties it deems 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;

(5) subject to the provisions of section 469.026, to give, sell, transfer, convey, or otherwise dispose of real or personal property or any interest therein and to execute leases, deeds, conveyances, negotiable instruments, purchase agreements, and other contracts or instruments, and take action that is 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 chapter 117, to acquire real property which it may deem necessary for its purposes, 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 469.003 or to provide decent, safe, and sanitary housing for persons of low and moderate

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income, or is necessary to carry out a redevelopment project. Real property needed or convenient for a project may be acquired by the authority for the project by condemnation pursuant to this section. This includes any property devoted to a public use, whether or not held in trust, notwithstanding that the property may have been previously acquired by condemnation or is owned by a public utility corporation, because the public use in conformity with the provisions of sections 469.001 to 469.047 shall be deemed a superior public use. 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 sections 469.001 to 469.047 of the real property in an area;

(7) within its area of operation, and without the adoption of an urban renewal plan, to acquire, by all means as set forth in clause (6) but without the adoption of a resolution provided for in 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 Laws 1974, chapter 228, or to grade, fill, and construct foundations or otherwise prepare the site for improvements. The authority may dispose of the property pursuant to section 469.029, provided that the provisions of section 469.029 requiring conformance to an urban renewal plan shall not apply. The authority may finance these 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 469.033 or by means of contributions from the municipality provided for in section 469.041, clause (9), or by any combination of those means. Real property with buildings or improvements thereon shall only be acquired under this clause when the buildings or improvements are substandard. The exercise of the power of eminent domain under this clause shall be limited to real property which contains buildings and improvements which are vacated and substandard. For the purpose of this clause, substandard buildings or improvements mean hazardous buildings as defined in section 463.15, subdivision 3, or 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. The authority may establish various income levels for various family sizes. In making its determination, the authority may consider income levels that 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 that determination as a basis for the maximum amount of income for admissions to housing development projects or housing projects owned or operated by it;

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(9) to provide in federally assisted projects any relocation payments and assistance 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;

(10) to make, or agree to make, payments in lieu of taxes to the city or the county, the state or any political subdivision thereof, that it finds consistent with the purposes of sections 469.001 to 469.047;

(11) 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 469.001 to 469.047 or of any other related federal, state, or local legislation; and upon the consent of the governing body of the city to purchase, lease, manage, or otherwise take over any housing project already owned and operated by the federal government;

(12) to make plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, and 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 may develop, test, and report methods and techniques, and carry out demonstrations and other activities for the prevention and elimination of slums and blight;

(13) 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;

(14) to include in any contract for financial assistance with the federal government any conditions that the federal government may attach to its financial aid of a project, not inconsistent with purposes of sections 469.001 to 469.047, 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 the contract relates upon the occurrence of a substantial default with respect to the covenants or conditions to which the authority is subject; to provide in the contract that, in case of such conveyance, the federal government may complete, operate, manage, lease, convey, or otherwise deal with the project until the defaults are cured if the federal government agrees in the contract to reconvey to the authority the project as then constituted when the defaults have been cured;

(15) to issue bonds for any of its corporate purposes and to secure the bonds by mortgages upon property held or to be held by it or by pledge of its revenues, including grants or contributions;

(16) 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 or in the manner and subject to the conditions provided in section 475.66 for the deposit and investment of debt service funds;

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(17) within its area of operation, to determine where blight exists or where there is unsafe, unsanitary, or overcrowded housing;

(18) to carry out studies of the housing and redevelopment needs within its area of operation and of the meeting of those needs. This includes study of data on population and family groups and their distribution 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 of those needs; to make the results of those studies and analyses available to the public and to building, housing, and supply industries;

(19) if a local public body does not have a planning agency or the planning agency has not produced a comprehensive or general community development plan, to make or cause to be made a plan to be used as a guide in the more detailed planning of housing and redevelopment areas;

(20) to lease or rent any dwellings, accommodations, lands, buildings, structures, or facilities included in any project and, subject to the limitations contained in sections 469.001 to 469.047 with respect to the rental of dwellings in housing projects, to establish and revise the rents or charges therefor;

(21) 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;

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

(23) to procure or agree to the procurement of government insurance or guarantees of the payment of any bonds or parts thereof issued by an authority and to pay premiums on the insurance;

(24) to make expenditures necessary to carry out the purposes of sections 469.001 to 469.047;

(25) 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;

(26) 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 clause (7), that is owned or controlled by the authority or by the governing body 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 the authority, in order to determine and recommend if the real property compiled in either catalog is appropriate for disposal pursuant to the provisions of section 469.029, subdivisions 9 and 10;

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(27) to recommend to the city concerning the enforcement of the applicable health, housing, building, fire prevention, and housing maintenance code requirements as they relate to residential dwelling structures that are being rehabilitated by low or moderate income persons pursuant to section 469.029, subdivision 9, for the period of time necessary to complete the rehabilitation, as determined by the authority;

(28) to recommend to the city the initiation of municipal powers, against certain real properties, relating to repair, closing, condemnation, or demolition of unsafe, unsanitary, hazardous, and unfit buildings, as provided in section 469.041, clause (5); ~~and~~

(29) to sell, at private or public sale, at the price or prices determined by the authority, any note, mortgage, lease, sublease, lease purchase, or other instrument or obligation evidencing or securing a loan made for the purpose of economic development, job creation, redevelopment, or community revitalization by a public agency to a business, for-profit or nonprofit organization, or an individual; and

(30) within its area of operation, to acquire and sell real property that is benefited by federal housing assistance payments, other rental subsidies, interest reduction payments, or interest reduction contracts for the purpose of preserving the affordability of low- and moderate-income multifamily housing.

Sec. 6. Minnesota Statutes 1988, section 580.04, is amended to read:

**580.04 REQUISITES OF NOTICE.**

Each notice shall specify:

(1) The name of the mortgagor and of the mortgagee, and of the assignee of the mortgage, if any, and the original principal amount secured by said mortgage;

(2) The date of the mortgage, and when and where recorded, except where the mortgage is upon registered land, in which case the notice shall state that fact, and when and where registered;

(3) The amount claimed to be due thereon, and taxes, if any, paid by the mortgagee at the date of the notice;

(4) A description of the mortgaged premises, conforming substantially to that contained in the mortgage;

(5) The time and place of sale; ~~and~~

(6) The time allowed by law for redemption by the mortgagor, the mortgagor's personal representatives or assigns; and

(7) If the party foreclosing the mortgage desires to preserve the right to

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reduce the redemption period under section 13 after the first publication of the notice, the notice must also state in capital letters: "THE TIME ALLOWED BY LAW FOR REDEMPTION BY THE MORTGAGOR, THE MORTGAGOR'S PERSONAL REPRESENTATIVES OR ASSIGNS, MAY BE REDUCED TO FIVE WEEKS IF A JUDICIAL ORDER IS ENTERED UNDER MINNESOTA STATUTES, SECTION 580.032, DETERMINING, AMONG OTHER THINGS, THAT THE MORTGAGED PREMISES ARE IMPROVED WITH A RESIDENTIAL DWELLING OF LESS THAN FIVE UNITS, ARE NOT PROPERLY USED IN AGRICULTURAL PRODUCTION, AND ARE ABANDONED."

Sec. 7. Minnesota Statutes 1988, section 580.12, is amended to read:

**580.12 CERTIFICATE OF SALE; RECORD; EFFECT.**

When any sale of real property is made under a power of sale contained in any mortgage, the officer shall make and deliver to the purchaser a certificate, executed in the same manner as a conveyance, containing:

- (1) A description of the mortgage;
- (2) A description of the property sold;
- (3) The price paid for each parcel sold;
- (4) The time and place of the sale, and the name of the purchaser; and

(5) The time allowed by law for redemption: ~~The, provided that if the redemption period stated in the certificate is five weeks and a longer redemption period was stated in the published notice of foreclosure sale, a certified copy of the court order entered under section 13, authorizing reduction of the redemption period to five weeks, must be attached to the certificate.~~

A certificate which states a five-week redemption period must be recorded within ten days after the sale; any other certificate shall must be recorded within 20 days after such the sale; and. When so recorded, upon expiration of the time for redemption, the certificate shall operate as a conveyance to the purchaser or the purchaser's assignee of all the right, title, and interest of the mortgagor in and to the premises named therein at the date of such mortgage, without any other conveyance.

Sec. 8. Minnesota Statutes 1988, section 580.23, subdivision 1, is amended to read:

Subdivision 1. When lands have been sold in conformity with the preceding sections of this chapter the mortgagor, the mortgagor's personal representatives or assigns, within six months after such sale, except as otherwise provided in subdivision 2 or section 13, may redeem such lands, as hereinafter provided, by paying the sum of money for which the same were sold, with interest from the time of sale at the rate provided to be paid on the mortgage debt and, if no rate be provided in the mortgage note, at the rate of six percent per annum, together with any further sums which may be payable ~~pursuant to section as provided in sections 582.03 and section 12.~~

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Sec. 9. Minnesota Statutes 1988, section 580.24, is amended to read:

**580.24 REDEMPTION BY CREDITOR.**

If no such redemption be made by the mortgagor, the mortgagor's personal representatives or assigns, the senior creditor having a lien, legal or equitable, upon the mortgaged premises, or some part thereof, subsequent to the mortgage, may redeem within five days after the expiration of the redemption period ~~specified in~~ determined under section 580.23 or section 13, whichever is applicable; and each subsequent creditor having a lien in succession, according to priority of liens, within five days after the time allowed the prior lienholder, respectively, may redeem by paying the amount aforesaid and all liens prior to the lienholder's own held by the person from whom redemption is made; provided that no creditor shall be entitled to redeem unless within the period allowed for redemption the creditor file for record notice of intention to redeem with the county recorder or registrar of titles of each county where the mortgage is recorded.

Sec. 10. Minnesota Statutes 1988, section 581.10, is amended to read:

**581.10 REDEMPTION BY MORTGAGOR, CREDITOR.**

The mortgagor, or those claiming under the mortgagor, within the time specified in section 580.23 or section 13, whichever applies, after the date of the order of confirmation, may redeem the premises sold, or any separate portion thereof, by paying the amount bid therefor, with interest thereon from the time of sale at the rate provided to be paid on the mortgage debt, not to exceed eight percent per annum, and, if no rate to be provided in the mortgage, at the rate of six percent, together with any further sum which may be payable pursuant to section 582.03 and section 12. Creditors having a lien may redeem in the order and manner specified in section 580.24, but no creditor shall be entitled to redeem unless within ~~such specified~~ the applicable redemption period the creditor files with the court administrator notice of intention to redeem.

Sec. 11. Minnesota Statutes 1988, section 582.03, is amended to read:

**582.03 PURCHASER AT FORECLOSURE, EXECUTION, OR JUDICIAL SALE MAY PAY TAXES, ASSESSMENTS, INSURANCE PREMIUMS, OR INTEREST.**

The purchaser at any sale, upon foreclosure of mortgage or execution or at any judicial sale during the ~~year~~ period of redemption, may pay any taxes or assessments on which any penalty would otherwise accrue, and may pay the premium upon any policy of insurance procured in renewal of any expiring policy upon mortgaged premises, may pay any costs incurred under section 12, and may, in case any interest or installment of principal upon any prior or superior mortgage, lien, or contract for deed is in default or shall become due during ~~such year~~ the period of redemption, pay the same, and, in all such cases, the sum so paid, with interest, shall be a part of the sum required to be paid to

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redeem from such sale. Such payments shall be proved by the affidavit of the purchaser or the purchaser's agent or attorney, stating the items and describing the premises, which must be filed for record with the county recorder or registrar of titles, and a copy thereof shall be furnished to the sheriff at least ten days before the expiration of the year period of redemption.

**Sec. 12. [582.031] LIMITED RIGHT OF ENTRY BY MORTGAGEE OR PURCHASER AT FORECLOSURE SALE.**

Subdivision 1. RIGHT OF ENTRY. If premises described in a mortgage or sheriff's certificate are vacant or unoccupied, the holder of the mortgage or sheriff's certificate or the holder's agents and contractors may, but is under no obligation to, enter upon the premises to protect the premises from waste, until the holder of the mortgage or sheriff's certificate receives notice that the premises are occupied. The holder of the mortgage or sheriff's certificate does not become a mortgagee in possession by taking actions authorized under this section. An affidavit of the sheriff, the holder of the mortgage or sheriff's certificate, or a person acting on behalf of the holder, describing the premises and stating that the same are vacant or unoccupied, is prima facie evidence of the facts stated in the affidavit and is entitled to be recorded in the office of the county recorder or the registrar of titles in the county where the premises are located, if it contains a legal description of the premises.

Subd. 2. AUTHORIZED ACTIONS. The holder of the mortgage or sheriff's certificate may take the following actions to protect the premises from waste: install or change locks on doors and windows, board windows, and otherwise prevent or minimize damage to the premises from the elements, vandalism, trespass, or other illegal activities. If the holder of the mortgage or sheriff's certificate installs or changes locks under this section, a key to the premises must be promptly delivered to the mortgagor or any person lawfully claiming through the mortgagor, upon request.

Subd. 3. COSTS. All costs incurred by the holder of the mortgage to protect the premises from waste may be added to the principal balance of the mortgage. The costs may bear interest to the extent provided in the mortgage and may be added to the redemption price if the costs are incurred after a foreclosure sale. If the costs are incurred after a foreclosure sale, the purchaser at the foreclosure sale must comply with the provisions of section 582.03. The provisions of this section are in addition to, and do not limit or replace, any other rights or remedies available to holders of mortgages and sheriff's certificates, at law or under the applicable mortgage agreements.

**Sec. 13. [582.032] FIVE-WEEK REDEMPTION PERIOD FOR CERTAIN ABANDONED PROPERTIES.**

Subdivision 1. APPLICATION. This section applies to mortgages executed after December 31, 1989, under which there has been a default in the payment of money existing for at least 60 days as of the date of the filing of the complaint or motion provided for in this section. This section applies only when the mortgaged premises are:

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(1) ten acres or less in size;

(2) improved with a residential dwelling consisting of less than five units which is neither a model home nor a dwelling under construction; and

(3) not property used in agricultural production within the meaning of Laws 1986, chapter 398, section 5.

This section applies to foreclosures by action under chapter 581 and to foreclosures by advertisement under chapter 580.

Subd. 2. BEFORE FORECLOSURE SALE. Notwithstanding section 580.23 or 581.10, if at any time before the foreclosure sale but not more than 30 days before the first publication of the notice of sale, a court order is entered reducing the mortgagor's redemption period to five weeks under subdivision 7, after the mortgaged premises have been sold as provided in chapter 580 or 581, the mortgagor, and the mortgagor's personal representatives or assigns, within five weeks after the sale under chapter 580, or within five weeks after the date of the order confirming the sale under chapter 581, may redeem the mortgaged premises as provided in section 580.23, subdivision 1, or section 581.10, as applicable. If an order is obtained after the first publication of the notice of sale, the five-week redemption period applies only if the notice of sale contained the statement required by section 580.04, clause (7).

Subd. 3. AFTER FORECLOSURE SALE. Notwithstanding section 580.23 or 581.10, if at any time after the foreclosure sale, a court order is entered reducing the mortgagor's redemption period under subdivision 7, the period during which the mortgagor, the mortgagor's personal representatives and assigns, may redeem the mortgaged premises in accordance with the provisions of section 580.23, subdivision 1, or section 581.10, as applicable, is reduced so as to expire five weeks from the date the order is entered. Within ten days after the order is entered, a certified copy of the order must be filed with the office of the county recorder or registrar of titles for the county in which the mortgaged premises are located, and a copy of the order must be posted in a conspicuous place on the mortgaged premises. Within ten days of the order's entry, a copy of the order must be sent by certified mail to any party holding a lien or interest of record junior to the foreclosed mortgage who has filed with the county recorder or registrar of titles a certificate identifying the lienholder and the lien claimed, stating the lienholder's address and the legal description of the property covered by the lien, and requesting notice of any post-foreclosure sale reduction of the mortgagor's redemption period for any superior lien. Affidavits of posting and mailing to evidence the same are prima facie evidence of the facts stated therein and are entitled to recordation along with the certified copy of the order.

Subd. 4. SUMMONS AND COMPLAINT. In a foreclosure by advertisement, the party foreclosing a mortgage or holding the sheriff's certificate of sale may initiate a proceeding in district court to reduce the mortgagor's redemption period under this section. The proceeding must be initiated by the filing of a complaint, naming the mortgagor, or the mortgagor's personal representatives or assigns of record, as defendant, in district court for the county in which the mortgaged premises are located. If the proceeding is commenced after the

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foreclosure sale, the holders of junior liens and interests entitled to notice under subdivision 3 must also be named as defendants. The complaint must identify the mortgaged premises by legal description and must identify the mortgage by the names of the mortgagor and mortgagee, and any assignee of the mortgage; the date of its making; and pertinent recording information. The complaint must allege that the mortgaged premises are:

(1) ten acres or less in size;

(2) improved with a residential dwelling consisting of less than five units, which is not a model home or a dwelling under construction;

(3) not property used in agricultural production within the meaning of Laws 1986, chapter 398, section 5; and

(4) abandoned.

The complaint must request an order reducing the mortgagor's redemption period to five weeks. When the complaint has been filed, the court shall issue a summons commanding the person or persons named in the complaint to appear before the court on a day and at a place stated in the summons. The appearance date shall be not less than 15 nor more than 25 days from the date of the issuing of the summons. A copy of the filed complaint must be attached to the summons.

**Subd. 5. ORDER TO SHOW CAUSE.** In a foreclosure by action, the plaintiff or the holder of the sheriff's certificate may make a motion to reduce the mortgagor's redemption period under this section. The motion must conform generally to the pleading requirements provided in subdivision 4. For purposes of the motion, the court has continuing jurisdiction over the parties and the mortgaged premises through the expiration of the redemption period. When the motion has been filed, the court shall issue an order to show cause commanding the parties it considers appropriate to appear before the court on a day and at a place stated in the order. The appearance date may not be less than 15 nor more than 25 days after the date of the order to show cause. A copy of the motion must be attached to the order to show cause.

**Subd. 6. SERVICE.** The summons or order to show cause may be served by any person not named a party to the action. The summons or order to show cause must be served at least seven days before the appearance date, in the manner provided for service of a summons in a civil action in the district court. If the defendant cannot be found in the county, the summons or order to show cause may be served by sending a copy by certified mail to the defendant's last known address, if any, at least ten days before the appearance date. The summons or order to show cause must be posted in a conspicuous place on the mortgaged premises not less than seven days before the appearance date. If personal or certified mail service cannot be made on a defendant, then the plaintiff or plaintiff's attorney may file an affidavit to that effect with the court and service by posting the summons or order to show cause on the mortgaged premises is sufficient as to that defendant.

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**Subd. 7. HEARING; EVIDENCE; ORDER.** At the hearing on the summons and complaint or order to show cause, the court shall enter an order reducing the mortgagor's redemption period as provided in subdivision 2 or 3, as applicable, if evidence is presented supporting the allegations in the complaint or motion and no appearance is made to oppose the relief sought. An affidavit by the sheriff or a deputy sheriff of the county in which the mortgaged premises are located, or of a building inspector, zoning administrator, housing official, or other municipal or county official having jurisdiction over the mortgaged premises, stating that the mortgaged premises are not actually occupied and further setting forth any of the following supporting facts, is prima facie evidence of abandonment:

(1) windows or entrances to the premises are boarded up or closed off, or multiple window panes are broken and unrepaired;

(2) doors to the premises are smashed through, broken off, unhinged, or continuously unlocked;

(3) gas, electric, or water service to the premises has been terminated;

(4) rubbish, trash, or debris has accumulated on the mortgaged premises;

(5) the police or sheriff's office has received at least two reports of trespassers on the premises, or of vandalism or other illegal acts being committed on the premises; or

(6) the premises are deteriorating and are either below or are in imminent danger of falling below minimum community standards for public safety and sanitation.

An affidavit of the party foreclosing the mortgage or holding the sheriff's certificate, or one of their agents or contractors, stating any of the above supporting facts, and that the affiant has changed locks on the mortgaged premises under section 12 and that for a period of ten days no party having a legal possessory right has requested entrance to the premises, is also prima facie evidence of abandonment. Either affidavit described above, or an affidavit from any other person having knowledge, may state facts supporting any other allegations in the complaint or motion and is prima facie evidence of the same. Written statements of the mortgagor, the mortgagor's personal representatives or assigns, including documents of conveyance, which indicate a clear intent to abandon the premises, are conclusive evidence of abandonment. In the absence of affidavits or written statements, or if rebuttal evidence is offered by the defendant or a party lawfully claiming through the defendant, the court may consider any competent evidence, including oral testimony, concerning any allegation in the complaint or motion. An order entered under this section must contain a legal description of the mortgaged premises.

**Subd. 8. RECORDING.** A certified copy of an order reducing a mortgagor's redemption period entered under this section may be recorded in the office of the county recorder or registrar of titles for the county in which the mortgaged premises are located.

New language is indicated by underline, deletions by strikeout.

Sec. 14. Minnesota Statutes 1988, section 582.30, subdivision 2, is amended to read:

Subd. 2. **GENERAL PROHIBITION FOR PROPERTY WITH A SIX-MONTH OR FIVE-WEEK REDEMPTION PERIOD.** A deficiency judgment is not allowed if a mortgage is foreclosed by advertisement under chapter 580, and has a redemption period of six months under section 580.23, subdivision 1, or five weeks under section 13.

#### ARTICLE 4

#### SPECIAL LAWS

##### Section 1. DEFINITION.

"City" means the city of Saint Paul and the city of Minneapolis for purposes of sections 2 to 6.

Sec. 2. Laws 1974, chapter 285, section 1, is amended to read:

Section 1. ~~MINNEAPOLIS, CITY OF;~~ **HOUSING ACQUISITION AND REHABILITATION LOAN AND GRANT PROGRAM; PURPOSE.** The legislature of the state of Minnesota finds that preservation of the quality of life in a major metropolitan city is dependent upon the preservation of adequate housing, that many houses in the city cities of Minneapolis and Saint Paul do not meet the applicable housing code or otherwise need rehabilitation or modernizing, that there is a need for a comprehensive housing rehabilitation program in the city cities of Minneapolis and Saint Paul which will complement any state-wide housing rehabilitation program, that some home owners are unable to afford any rehabilitation expenses, that many home owners are unable to afford housing rehabilitation loans at market rate of interest, ~~and~~ that because the availability of mortgage credit for housing rehabilitation is limited some home owners cannot obtain such credit, and that reinvestment in the housing stock by rehabilitating and updating homes is necessary to maintain the stability of neighborhoods in the city. The legislature further finds that the construction of housing to replace individual dilapidated and obsolete buildings, for which rehabilitation is not economically feasible, is necessary to increase the stability and maintain the value of housing in established neighborhoods.

Sec. 3. Laws 1974, chapter 285, section 2, is amended to read:

Sec. 2. ~~CITY OF MINNEAPOLIS;~~ **HOUSING REHABILITATION LOAN PROGRAM.** The city of Minneapolis is authorized to develop and administer a housing rehabilitation loan program with respect to property located anywhere within its boundaries on such terms and conditions as it determines; provided that in approving applications for ~~this~~ such a program, the following factors shall be considered:

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(1) The availability of other governmental programs affordable by the applicant;

(2) The availability and affordability of private market financing;

(3) Whether the housing is required, pursuant to an urban renewal program or a code enforcement program, to be repaired, improved, or rehabilitated;

(4) Whether the housing is required, pursuant to a court order issued under Minnesota Statutes, 1973 Supplement, Section 566.25, Clauses (b), (c), and (e), to be repaired, improved, or rehabilitated;

(5) Whether the housing has been determined to be uninsurable because of physical hazards after inspection pursuant to a statewide property insurance plan approved by the United States Department of Housing and Urban Development under Title XII of the National Housing Act; and ~~further provided that all loans and grants shall be issued primarily for rehabilitating housing so that it meets applicable housing codes.~~

(6) Whether rehabilitation of the housing will maintain or improve the value of the housing and will help to stabilize the neighborhood in which the housing is located.

Sec. 4. Laws 1974, chapter 285, is amended by adding a section to read:

Sec. 2a. **NEW SINGLE FAMILY RESIDENCES.**

Any housing rehabilitation loan program undertaken under section 3 may also provide for the city to make or purchase loans made to finance the acquisition of single family residences that have been newly constructed in established neighborhoods on land owned by the city or any agency of the city. For purposes of this section, land shall be considered to be owned by the city if the city or one of its agencies previously owned the land and conveyed it to an individual under a development agreement in which the individual has agreed to construct single family housing on such land. In approving applications for a loan to be made under this section, the following factors shall be considered:

(1) the availability and affordability of other governmental programs or private market financing; and

(2) whether the construction of such housing enhances the stability of the neighborhood in which it is located.

Sec. 5. Laws 1974, chapter 285, section 3, is amended to read:

Sec. 3. ~~CITY OF MINNEAPOLIS~~; **HOUSING REHABILITATION GRANT PROGRAM.** The city of Minneapolis is authorized to develop and administer a housing rehabilitation grant program with respect to property within its boundaries, on such terms and conditions as it determines; provided that in approving applications for grants under this program, all of the considerations and limitations enumerated in section 2 for loans must be considered ~~in making grants under this program~~; and the following factors must also be considered:

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(1) Whether the housing unit is a single family dwelling or homesteaded unit and

(2) Whether the applicant is a person of low income; and further provided that the city council of the city of Minneapolis shall by ordinance set forth the regulations for this its grant program; and further provided that the dollar value of grants made shall not exceed five percent of the total value of the bonds issued for the loan and grant program together, and that all grants shall be made primarily to rehabilitate housing so that it meets applicable housing codes.

Sec. 6. Laws 1974, chapter 285, section 4, is amended to read:

Sec. 4. **ISSUANCE OF BONDS.** To finance the programs authorized in sections 2, 2a, and 3 of this act, the governing body of the city of Minneapolis may by resolution authorize, issue, and sell general obligation bonds of the city of Minneapolis in accordance with the provisions of Minnesota Statutes, Chapter 475. The total amount of all bonds outstanding for the programs shall not exceed ~~\$10,000,000~~ \$25,000,000. The amount of all bonds issued shall be included in the net indebtedness of the city for the purpose of any charter or statutory debt limitation.

Sec. 7. **[462C.13] CITY INDIAN HOUSING AUTHORITY.**

A city may establish an Indian housing authority as provided in the Code of Federal Regulations, title 24, part 905, with all necessary legal powers to carry out housing projects for low- and moderate-income American Indians.

Sec. 8. **REPEALER.**

Laws 1974, chapter 351, sections 1, 2, 3, and 4, as amended by Laws 1975, chapter 260, section 5; and Laws 1975, chapter 260, sections 1, 2, 3, 4, and 5, are repealed.

Sec. 9. **EFFECTIVE DATE.**

Sections 1 to 6 and 8 are effective the day after enactment without local approval in accordance with Minnesota Statutes, section 645.023, subdivision 1, clause (a).

## ARTICLE 5

### CAN-DO AND WAY TO GROW/SCHOOL READINESS PROGRAMS

Section 1. **[116J.983] DEFINITIONS.**

Subdivision 1. SCOPE. For the purposes of section 2, the following terms have the meanings given them.

New language is indicated by underline, deletions by ~~strikeout~~.

**Subd. 2. COMMUNITY AND NEIGHBORHOOD DEVELOPMENT ORGANIZATION GRANT.** “Community and neighborhood development organization grant” or “grant” means a grant awarded under section 2, subdivision 1.

**Subd. 3. COMMUNITY AND NEIGHBORHOOD DEPARTMENT ORGANIZATION PLAN.** “Community and neighborhood department organization plan” or “plan” means the plan required under section 2, subdivision 2.

**Subd. 4. ELIGIBLE ORGANIZATION.** “Eligible organization” means a nonprofit organization or group of persons that is recognized as a viable community or neighborhood organization by a home rule charter or statutory city, town, or an Indian tribe, and that has defined neighborhood or community boundaries. An eligible organization must have a board that is representative of the neighborhood’s or community’s interests and whose members reflect the cultural, racial, and ethnic diversity of the neighborhood or community. An eligible organization or group of persons must complete training and be certified as required under section 2, subdivision 3.

**Sec. 2. [116J.984] COMMUNITY AND NEIGHBORHOOD DEVELOPMENT ORGANIZATION PILOT PROJECT.**

**Subdivision 1. COMMUNITY AND NEIGHBORHOOD DEVELOPMENT GRANTS.** The commissioner may award matching grants to eligible organizations. Grants to any one eligible organization may not exceed \$25,000 in any fiscal year and a grant may not be used for any purpose that replaces an existing community program identified by the commissioner. Each grant must be matched with at least two dollars of nonstate money or in-kind contributions to each dollar of grant money. The grants may be used for community or neighborhood public safety and human service activities, street and public property lighting, recycling efforts, repair or removal of dilapidated buildings, community or neighborhood beautification and cleanup, historic preservation of buildings, small scale park and open space development, increasing or preserving the availability of housing primarily serving low- or moderate-income persons, and other projects, programs, or activities that the commissioner determines will improve or revitalize the community or neighborhood.

**Subd. 2. GRANT APPLICATIONS.** Eligible organizations may apply to the commissioner for grants awarded under subdivision 1. The application must include a community and neighborhood development organization plan that addresses the following:

(1) a geographic, social, and economic description of the area served by the eligible organization;

(2) a description of why the projects or activities are required in the neighborhood or community;

(3) a detailed description of the objectives for which the grant money will be used;

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(4) a description of the process used to encourage citizen involvement in determining the needs, objectives, and the design of the project or activity;

(5) an assessment of the strength and weaknesses of the neighborhood or community;

(6) a detailed description of the projects or activities that will be used to implement the objectives;

(7) a description of the expected outcomes of the projects or activities financed by the grant;

(8) identification of the source of the required matching funds; and

(9) any other information the commissioner determines necessary to award the grants.

**Subd. 3. TRAINING; CERTIFICATION.** Before an eligible organization may apply for a grant under subdivision 1, the commissioner must certify that the eligible organization meets administrative, fiscal accountability, and planning requirements. The commissioner shall establish a set of criteria for the certification of eligible organizations. The commissioner may provide leadership and other training to eligible organizations to assist them in meeting the requirements for certification and developing the community and neighborhood development organization plan. The commissioner may use other department resources and staff to carry out the training.

**Subd. 4. RECERTIFICATION.** An eligible organization must be recertified annually to maintain its eligibility for grants under subdivision 1. As part of recertification, the commissioner shall review the plan to determine whether the organization continues to address its objectives and the organization demonstrates that the community or neighborhood's level of volunteer citizen participation is maintained or expanded.

**Subd. 5. APPLICATIONS; PRIORITY.** The commissioner may establish criteria to establish the priority of the applications received for grants awarded under subdivision 1. The criteria may include:

(1) the degree of community support measured by the amount of participation in the project or activities by volunteers;

(2) the extent that the eligible organizations have participated with or solicited input from other organizations that provide community and regional assistance;

(3) the amount of nonstate matching funds identified as available for the project or activities; and

(4) any other criteria the commissioner determines necessary to carry out the purposes of this section.

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Subd. 6. ENTITLEMENT. The commissioner may set aside up to 40 percent of the money available under this section for grants awarded to eligible organizations located in cities of the first class as defined in section 410.01.

Subd. 7. LOCAL GOVERNMENT SUPPORT. Before an application for a grant awarded under subdivision 1 may be considered by the commissioner, the eligible organization must have received a formal resolution of support for the application of the governing body of the home rule charter or statutory city, town, or Indian tribe within whose jurisdiction the eligible organization is located.

Subd. 8. COMMUNITY ASSISTANCE PROGRAM INVENTORY. The commissioner may develop and maintain an inventory of public and private community assistance programs. The inventory must be made available to eligible organizations, other community assistance providers, and other persons that request assistance from the commissioner. In developing the inventory the commissioner shall coordinate with other similar activities.

Subd. 9. RULES. The commissioner may adopt rules under chapter 14 as necessary for the administration of the grants under this section.

Subd. 10. STATE AGENCY COOPERATION. State agencies must cooperate and assist when requested by the commissioner to carry out the purposes of this section.

Subd. 11. ADVISORY COMMITTEE. The commissioner may establish advisory committees to assist in carrying out the purposes of this section.

### Sec. 3. [145.926] WAY TO GROW/SCHOOL READINESS PROGRAM.

Subdivision 1. ADMINISTRATION. The commissioner of state planning shall administer the way to grow/school readiness program, in consultation with the commissioners of human services and education, to promote intellectual, social, emotional, and physical development and school readiness of children prebirth to age five by coordinating and improving access to community based and neighborhood based services that support and assist all parents in meeting the health and developmental needs of their children at the earliest possible age.

Subd. 2. PROGRAM COMPONENTS. A way to grow/school readiness program may include:

(1) a program of home visitors to contact pregnant women early in their pregnancies, encourage them to obtain prenatal care, and provide social support, information, and referrals regarding prenatal care and well-baby care to reduce infant mortality, low birth weight, and childhood injury, disease, and disability;

(2) a program of home visitors to provide social support, information, and referrals regarding parenting skills and to encourage families to participate in parenting skills programs and other family supportive services;

(3) support of neighborhood based or community based parent-child and family resource centers or interdisciplinary resource teams to offer supportive services to families with preschool children;

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(4) staff training, technical assistance, and incentives for collaboration designed to raise the quality of community services relating to prenatal care, child development, health, and school readiness;

(5) programs to raise general public awareness about practices that promote healthy child development and school readiness;

(6) support of neighborhood oriented and culturally specific social support, information, outreach, and other programs to promote healthy development of children and to help parents obtain the information, resources, and parenting skills needed to nurture and care for their children;

(7) programs to expand public and private collaboration to promote the development of a coordinated and culturally specific system of services available to all families;

(8) support of periodic screening and evaluation services for preschool children to assure adequate developmental progress;

(9) support of health, educational, and other developmental services needed by families with preschool children;

(10) support of family prevention and intervention programs needed to address risks of child abuse or neglect;

(11) development or support of a jurisdiction-wide coordinating agency to develop and oversee programs to enhance child health, development, and school readiness with special emphasis on neighborhoods with a high proportion of children in need; and

(12) other programs or services to improve the health, development, and school readiness of children in target neighborhoods and communities.

Subd. 3. ELIGIBLE GRANTEES. An application for a grant may be submitted by any of the following entities:

(1) a city, town, county, school district, or other local unit of government;

(2) two or more governmental units organized under a joint powers agreement;

(3) a community action agency that satisfies the requirements of section 268.53, subdivision 1; or

(4) a nonprofit organization, or consortium of nonprofit organizations, that demonstrates collaborative effort with at least one unit of local government.

Subd. 4. PILOT PROJECTS. The commissioner of state planning shall award grants for one pilot project in each of the following areas of the state:

(1) a first class city located within the metropolitan area as defined in section 473.121, subdivision 2;

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(2) a second class city located within the metropolitan area as defined in section 473.121, subdivision 2;

(3) a city with a population of 50,000 or more that is located outside of the metropolitan area as defined in section 473.121, subdivision 2; and

(4) the area of the state located outside of the metropolitan area as defined in section 473.121, subdivision 2.

To the extent possible, the commissioner of state planning shall award grants to applicants with experience or demonstrated ability in providing comprehensive, multidisciplinary, community based programs with objectives similar to those listed in subdivision 2, or in providing other human services or social services programs using a multidisciplinary, community based approach.

Subd. 5. APPLICATIONS. Each grant application must propose a five-year program designed to accomplish the purposes of this section. The application must be submitted on forms provided by the commissioner of state planning. The grant application must include:

(1) a description of the specific neighborhoods that will be served under the program and the name, address, and a description of each community agency or agencies with which the applicant intends to contract to provide services using grant money;

(2) a letter of intent from each community agency identified in clause (1) that indicates the agency's willingness to participate in the program and approval of the proposed program structure and components;

(3) a detailed description of the structure and components of the proposed program and an explanation of how each component will contribute to accomplishing the purposes of this section;

(4) a description of how public and private resources, including schools, health care facilities, government agencies, neighborhood organizations, and other resources, will be coordinated and made accessible to families in target neighborhoods, including letters of intent from public and private agencies indicating their willingness to cooperate with the program;

(5) a detailed, proposed budget that demonstrates the ability of the program to accomplish the purposes of this section using grant money and other available resources, including funding sources other than a grant; and

(6) a comprehensive evaluation plan for measuring the success of the program in meeting the objectives of the overall grant program and the individual grant project, including an assessment of the impact of the program in terms of at least three of the following criteria:

(i) utilization rates of community services;

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(ii) availability of support systems for families;

(iii) birth weights of newborn babies;

(iv) child accident rates;

(v) utilization rates of prenatal care;

(vi) reported rates of child abuse; and

(vii) rates of health screening and evaluation.

Subd. 6. MATCH. Each dollar of state money must be matched with 50 cents of nonstate money. The pilot project selected under subdivision 4, clause (4), may match state money with in-kind contributions, including volunteer assistance.

Subd. 7. ADVISORY COMMITTEES. The commissioner of state planning shall establish a program advisory committee consisting of persons knowledgeable in child development, child and family services, and the needs of people of color and high risk populations; and representatives of the commissioners of state planning and education. Each grantee must establish a program advisory board of 12 or more members to advise the grantee on program design, operation, and evaluation. The board must include representatives of local units of government and representatives of the project area who reflect the geographic, cultural, racial, and ethnic diversity of that community.

Subd. 8. REPORT. The commissioner of state planning shall provide a biennial report to the legislature on the program administration and the activities of projects funded under this section.

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## ARTICLE 6

### NEIGHBORHOOD REVITALIZATION PROGRAM

Section 1. Minnesota Statutes 1988, section 282.01, subdivision 1, is amended to read:

Subdivision 1. **CLASSIFICATION; USE; EXCHANGE.** It is the general policy of this state to encourage the best use of tax-forfeited lands, recognizing that some lands in public ownership should be retained and managed for public benefits while other lands should be returned to private ownership. All parcels of land becoming the property of the state in trust under the provisions of any law now existing or hereafter enacted declaring the forfeiture of lands to the state for taxes, shall be classified by the county board of the county wherein such parcels lie as conservation or nonconservation. Such classification shall be made with consideration, among other things, to the present use of adjacent lands, the productivity of the soil, the character of forest or other growth, accessibility of

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lands to established roads, schools, and other public services, their peculiar suitability or desirability for particular uses and the suitability of the forest resources on the land for multiple use, sustained yield management. Such classification, furthermore, shall aid: to encourage and foster a mode of land utilization that will facilitate the economical and adequate provision of transportation, roads, water supply, drainage, sanitation, education, and recreation; to facilitate reduction of governmental expenditures; to conserve and develop the natural resources; and to foster and develop agriculture and other industries in the districts and places best suited thereto.

In making such classification the county board may make use of such data and information as may be made available by any office or department of the federal, state, or local governments, or by any other person or agency possessing information pertinent thereto at the time such classification is made. Such lands may be reclassified from time to time as the county board may deem necessary or desirable, except as to conservation lands held by the state free from any trust in favor of any taxing district.

If any such lands are located within the boundaries of any organized town, with taxable valuation in excess of \$20,000, or incorporated municipality, the classification or reclassification and sale shall first be approved by the town board of such town or the governing body of such municipality insofar as the lands located therein are concerned. The town board of the town or the governing body of the municipality will be deemed to have approved the classification or reclassification and sale if the county board is not notified of the disapproval of the classification or reclassification and sale within 90 days of the date the request for approval was transmitted to the town board of the town or governing body of the municipality. If the town board or governing body desires to acquire any parcel lying in the town or municipality by procedures authorized in this subdivision, it shall, within 90 days of the request for classification or reclassification and sale, file a written application with the county board to withhold the parcel from public sale. The county board shall then withhold the parcel from public sale for one year.

Any tax-forfeited lands may be sold by the county board to any organized or incorporated governmental subdivision of the state for any public purpose for which such subdivision is authorized to acquire property or may be released from the trust in favor of the taxing districts upon application of any state agency for any authorized use at not less than their value as determined by the county board. The commissioner of revenue ~~shall have power to~~ may convey by deed in the name of the state any tract of tax-forfeited land held in trust in favor of the taxing districts, to any governmental subdivision for any authorized public use, provided that an application ~~therefor shall be~~ is submitted to the commissioner with a statement of facts as to the use to be made of ~~such the~~ tract and the need therefor and the recommendation of the county board. The commissioner of revenue shall convey by deed in the name of the state any tract of tax-forfeited land held in trust in favor of the taxing districts, to a political subdivision that submits an application to the commissioner of revenue and the

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county board. The application must include a resolution, adopted by the governing body of the political subdivision, finding that the conveyance of a tract of tax-forfeited land to the political subdivision is necessary to provide for the redevelopment of land as productive taxable property. The deed of conveyance shall be upon a form approved by the attorney general and shall be conditioned upon continued use for the purpose stated in the application, provided, however, that if the governing body of such governmental subdivision by resolution determines that some other public use shall be made of such lands, and such change of use is approved by the county board and an application for such change of use is made to, and approved by, the commissioner, such changed use may be made of such lands without the necessity of the governing body conveying the lands back to the state and securing a new conveyance from the state to the governmental subdivision for such new public use.

Whenever any governmental subdivision to which any tax-forfeited land has been conveyed for a specified public use as provided in this section shall fail to put such land to such use, or to some other authorized public use as provided herein, or shall abandon such use, the governing body of the subdivision shall authorize the proper officers to convey the same, or such portion thereof not required for an authorized public use, to the state of Minnesota, and such officers shall execute a deed of such conveyance forthwith, which conveyance shall be subject to the approval of the commissioner and in form approved by the attorney general, provided, however, that a sale, lease, transfer or other conveyance of such lands by a housing and redevelopment authority, a port authority, an economic development authority, or a city as authorized by ~~sections 469.001 to 469.047~~ chapter 469 shall not be an abandonment of such use and such lands shall not be reconveyed to the state nor shall they revert to the state. A certificate made by a housing and redevelopment authority, a port authority, an economic development authority, or a city referring to a conveyance by it and stating that the conveyance has been made as authorized by ~~sections 469.001 to 469.047~~ chapter 469 may be filed with the county recorder or registrar of titles, and the rights of reverter in favor of the state provided by this subdivision will then terminate. No vote of the people shall be required for such conveyance. In case any such land shall not be so conveyed to the state, the commissioner of revenue shall by written instrument, in form approved by the attorney general, declare the same to have reverted to the state, and shall serve a notice thereof, with a copy of the declaration, by certified mail upon the clerk or recorder of the governmental subdivision concerned, provided, that no declaration of reversion shall be made earlier than five years from the date of conveyance for failure to put such land to such use or from the date of abandonment of such use if such lands have been put to such use. The commissioner shall file the original declaration in the commissioner's office, with verified proof of service as herein required. The governmental subdivision may appeal to the district court of the county in which the land lies by filing with the court administrator a notice of appeal, specifying the grounds of appeal and the description of the land involved, mailing a copy thereof by certified mail to the commissioner of revenue, and filing a copy thereof for record with the county

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recorder or registrar of titles, all within 30 days after the mailing of the notice of reversion. The appeal shall be tried by the court in like manner as a civil action. If no appeal is taken as herein provided, the declaration of reversion shall be final. The commissioner of revenue shall file for record with the county recorder or registrar of titles, of the county within which the land lies, a certified copy of the declaration of reversion and proof of service.

Any city of the first class now or hereafter having a population of 450,000, or over, or its board of park commissioners, which has acquired tax-forfeited land for a specified public use pursuant to the terms of this section, may convey said land in exchange for other land of substantially equal worth located in said city of the first class, provided that the land conveyed to said city of the first class now or hereafter having a population of 450,000, or over, or its board of park commissioners, in exchange shall be subject to the public use and reversionary provisions of this section; the tax-forfeited land so conveyed shall thereafter be free and discharged from the public use and reversionary provisions of this section, provided that said exchange shall in no way affect the mineral or mineral rights of the state of Minnesota, if any, in the lands so exchanged.

Sec. 2. Minnesota Statutes 1988, section 462C.02, is amended by adding a subdivision to read:

Subd. 12. LOAN. "Loan" means (1) for single family housing, any loan, mortgage, or other form of owner financing; and (2) for multifamily housing developments which are rental property, any loan, mortgage, financing lease, or revenue agreement.

Sec. 3. Minnesota Statutes 1988, section 462C.02, is amended by adding a subdivision to read:

Subd. 13. REVENUE AGREEMENT "Revenue agreement" has the meaning given that term in section 469.153, subdivision 10.

Sec. 4. Minnesota Statutes 1988, section 462C.05, is amended by adding a subdivision to read:

Subd. 8. REVENUE AGREEMENT AND FINANCING LEASE. Any revenue agreement or financing lease which includes a provision for a conveyance of real estate to the lessee or contracting party may be terminated in accordance with the revenue agreement or financing lease, notwithstanding that the revenue agreement or financing lease may constitute an equitable mortgage. No financing lease of any development is subject to section 504.02, unless expressly so provided in the financing lease. Leases of specific dwelling units in the development to tenants are not affected by this subdivision.

Sec. 5. Minnesota Statutes 1988, section 463.15, subdivision 3, is amended to read:

Subd. 3. HAZARDOUS BUILDING OR HAZARDOUS PROPERTY.

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"Hazardous building or hazardous property" means any building or property, which because of inadequate maintenance, dilapidation, physical damage, unsanitary condition, or abandonment, constitutes a fire hazard or a hazard to public safety or health.

Sec. 6. Minnesota Statutes 1988, section 463.15, subdivision 4, is amended to read:

Subd. 4. **OWNER, OWNER OF RECORD, AND LIEN HOLDER OF RECORD.** "Owner," "owner of record," and "lien holder of record" means a person having a right or interest in property ~~to which Laws 1967, chapter 324, applies described in subdivision 3~~ and evidence of which is filed and recorded in the office of the county recorder or registrar of titles in the county in which the property is situated.

Sec. 7. Minnesota Statutes 1988, section 463.16, is amended to read:

**463.16 REPAIR OR REMOVAL OF HAZARDOUS BUILDING; HAZARDOUS PROPERTY CONDITIONS.**

The governing body of any city or town may order the owner of any hazardous building or property within the municipality to correct or remove the hazardous condition of ~~such~~ the building or property or to raze or remove the same building.

Sec. 8. Minnesota Statutes 1988, section 463.161, is amended to read:

**463.161 ABATEMENT.**

In the manner prescribed in section 463.21 the governing body of any city or town may correct or remove the hazardous condition of any hazardous building or parcel of real estate property; the cost of which shall be charged against the real estate as provided in section 463.21 except the governing body may provide that the cost so assessed may be paid in not to exceed five equal annual installments with interest therein, at eight percent per annum.

Sec. 9. Minnesota Statutes 1988, section 463.17, is amended to read:

**463.17 THE ORDER.**

Subdivision 1. **CONTENTS.** The order shall be in writing; recite the grounds therefor; specify the necessary repairs, if any, and provide a reasonable time for compliance; and shall state that a motion for summary enforcement of the order will be made to the district court of the county in which the hazardous building or property is situated unless corrective action is taken, or unless an answer is filed within the time specified in section 463.18.

Subd. 2. **SERVICE.** The order shall be served upon the owner of record, or the owner's agent if an agent is in charge of the building or property, and upon the occupying tenant, if there is one, and upon all lien holders of record, in the

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manner provided for service of a summons in a civil action. If the owner cannot be found, the order shall be served upon the owner by posting it at the main entrance to the building or, if there is no building, in a conspicuous place on the property, and by four weeks' publication in the official newspaper of the municipality if it has one, otherwise in a legal newspaper in the county.

Subd. 3. **FILING.** A copy of the order with proof of service shall be filed with the court administrator of district court of the county in which the hazardous building or property is located not less than five days prior to the filing of a motion pursuant to section 463.19 to enforce the order. At the time of filing such order the municipality shall file for record with the county recorder or registrar of titles a notice of the pendency of the proceeding, describing with reasonable certainty the lands affected and the nature of the order. If the proceeding be abandoned the municipality shall within ten days thereafter file with the county recorder a notice to that effect.

Sec. 10. Minnesota Statutes 1988, section 463.20, is amended to read:

#### 463.20 CONTESTED CASES.

If an answer is filed and served as provided in section 463.18, further proceedings in the action shall be governed by the rules of civil procedure for the district courts, except that the action has priority over all pending civil actions and shall be tried forthwith. If the order is sustained following the trial, the court shall enter judgment and shall fix a time after which the building ~~shall~~ must be destroyed or repaired or the hazardous condition removed or corrected, as the case may be, in compliance with the order as originally filed or modified by the court. If the order is not sustained, it shall be annulled and set aside. The court administrator of the court shall cause a copy of the judgment to be mailed forthwith to the persons upon whom the original order was served.

Sec. 11. Minnesota Statutes 1988, section 463.22, is amended to read:

#### 463.22 STATEMENT OF MONEYS RECEIVED.

The municipality shall keep an accurate account of the expenses incurred in carrying out the order and of all other expenses theretofore incurred in connection with its enforcement, including specifically, but not exclusively, filing fees, service fees, publication fees, attorney's fees, appraisers' fees, witness fees, including expert witness fees, and traveling expenses incurred by the municipality from the time the order was originally made, and shall credit thereon the amount, if any, received from the sale of the salvage, or building or structure, and shall report its action under the order, with a statement of moneys received and expenses incurred to the court for approval and allowance. Thereupon the court shall examine, correct, if necessary, and allow the expense account, and, if the amount received from the sale of the salvage, or of the building or structure, does not equal or exceed the amount of expenses as allowed, the court shall by its judgment certify the deficiency in the amount so allowed to the municipal clerk for collection. The owner or other party in interest shall pay the same,

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without penalty added thereon, and in default of payment by October 1, the clerk shall certify the amount of the expense to the county auditor for entry on the tax lists of the county as a special charge against the real estate on which the building or hazardous condition is or was situated and the same shall be collected in the same manner as other taxes and the amount so collected shall be paid into the municipal treasury. If the amount received for the sale of the salvage or of the building or structure exceeds the expense incurred by the municipality as allowed by the court, and if there are no delinquent taxes, the court shall direct the payment of the surplus to the owner or the payment of the same into court, as provided in sections 463.15 to 463.26. If there are delinquent taxes against the property, the court shall direct the payment of the surplus to the county treasurer to be applied on such taxes.

Sec. 12. [469.201] DEFINITIONS.

Subdivision 1. APPLICABILITY. The definitions in this section apply to sections 12 to 18.

Subd. 2. CITY. "City" means a city of the first class as defined in section 410.01. For each city, a port authority, housing and redevelopment authority, or other agency or instrumentality, the jurisdiction of which is the territory of the city, is included within the meaning of city.

Subd. 3. CITY COUNCIL. "City council" means the city council of a city as defined in subdivision 2.

Subd. 4. CITY MATCHING MONEY. (a) "City matching money" means the money of a city specified in a revitalization program. The sources of city matching money may include:

(1) money from the general fund or a special fund of a city used to implement a revitalization program;

(2) money paid or repaid to a city from the proceeds of a grant that a city has received from the federal government, a profit or nonprofit corporation, or another entity or individual, that is to be used to implement a revitalization program;

(3) tax increments received by a city under sections 469.174 to 469.179 or other law, if eligible, to be spent in the targeted neighborhood;

(4) the greater of the fair market value or the cost to the city of acquiring land, buildings, equipment, or other real or personal property that a city contributes, grants, leases, or loans to a profit or nonprofit corporation or other entity or individual, in connection with the implementation of a revitalization program;

(5) city money to be used to acquire, install, reinstall, repair, or improve the infrastructure facilities of a targeted neighborhood;

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(6) money contributed by a city to pay issuance costs, fund bond reserves, or to otherwise provide financial support for revenue bonds or obligations issued by a city for a project or program related to the implementation of a revitalization program;

(7) money derived from fees received by a city in connection with its community development activities that are to be used in implementing a revitalization program;

(8) money derived from the apportionment to the city under section 162.14 or by special law, and expended in a targeted neighborhood for an activity related to the revitalization program;

(9) administrative expenses of the city that are incurred in connection with the planning, implementation, or reporting requirements of sections 12 to 18.

(b) City matching money does not include:

(1) city money used to provide a service or to exercise a function that is ordinarily provided throughout the city, unless an increased level of the service or function is to be provided in a targeted neighborhood in accordance with a revitalization program;

(2) the proceeds of bonds issued by the city under chapter 462C or 469 and payable solely from repayments made by one or more nongovernmental persons in consideration for the financing provided by the bonds; or

(3) money given by the state to fund any part of the revitalization program.

Subd. 5. COMMISSIONER. "Commissioner" means the commissioner of trade and economic development.

Subd. 6. HOUSING ACTIVITIES. "Housing activities" include any work or undertaking to provide housing and related services and amenities primarily for persons and families of low or moderate income. This work or undertaking may include the planning of buildings and improvements; the acquisition of real property which may be needed immediately or in the future for housing purposes and the demolition of any existing improvements; and the construction, reconstruction, alteration, and repair of new and existing buildings. Housing activities also include the provision of a housing rehabilitation and energy improvement loan and grant program with respect to any residential property located within the targeted neighborhood, the cost of relocation relating to acquiring property for housing activities, and programs authorized by chapter 462C.

Subd. 7. LOST UNIT. "Lost unit" means a rental housing unit that is lost as a result of revitalization activities because it is demolished, converted to an owner-occupied unit that is not a cooperative, or converted to a nonresidential use, or because the gross rent to be charged exceeds 125 percent of the gross rent charged for the unit six months before the start of rehabilitation.

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**Subd. 8. PERSONS AND FAMILIES OF LOW INCOME.** “Persons and families of low income” means persons and families of low income as defined in section 469.002, subdivision 17.

**Subd. 9. PERSONS AND FAMILIES OF MODERATE INCOME.** “Persons and families of moderate income” means persons and families of moderate income as defined in section 469.002, subdivision 18.

**Subd. 10. TARGETED NEIGHBORHOOD.** “Targeted neighborhood” means an area including one or more census tracts, as determined and measured by the Bureau of Census of the United States Department of Commerce, that a city council determines in a resolution adopted under section 13, subdivision 1, meets the criteria of section 13, subdivision 2, and any additional area designated under section 13, subdivision 3.

**Subd. 11. TARGETED NEIGHBORHOOD MONEY.** “Targeted neighborhood money” means the money designated in the revitalization program to be used to implement the revitalization program.

**Subd. 12. TARGETED NEIGHBORHOOD REVITALIZATION AND FINANCING PROGRAM.** “Targeted neighborhood revitalization and financing program,” “revitalization program,” or “program” means the targeted neighborhood revitalization and financing program adopted in accordance with section 14.

**Sec. 13. [469.202] DESIGNATION OF TARGETED NEIGHBORHOODS.**

**Subdivision 1. CITY AUTHORITY.** A city may by resolution designate targeted neighborhoods within its borders after adopting detailed findings that the designated neighborhoods meet the eligibility requirements in subdivision 2 or 3.

**Subd. 2. ELIGIBILITY REQUIREMENTS FOR TARGETED NEIGHBORHOODS.** An area within a city is eligible for designation as a targeted neighborhood if the area meets two of the following three criteria:

(a) The area had an unemployment rate that was twice the unemployment rate for the Minneapolis and Saint Paul standard metropolitan statistical area as determined by the 1980 federal decennial census.

(b) The median household income in the area was no more than half the median household income for the Minneapolis and Saint Paul standard metropolitan statistical area as determined by the 1980 federal decennial census.

(c) The area is characterized by residential dwelling units in need of substantial rehabilitation. An area qualifies under this paragraph if 25 percent or more of the residential dwelling units are in substandard condition as determined by the city, or if 70 percent or more of the residential dwelling units in the area were built before 1940 as determined by the 1980 federal decennial census.

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**Subd. 3. ADDITIONAL AREA ELIGIBLE FOR INCLUSION IN TARGETED NEIGHBORHOOD.** (a) A city may add to the area designated as a targeted neighborhood under subdivision 2 additional area extending up to four contiguous city blocks in all directions from the designated targeted neighborhood. For the purpose of this subdivision, "city block" has the meaning determined by the city; or

(b) The city may enlarge the targeted neighborhood to include portions of a census tract that is contiguous to a targeted neighborhood, provided that the city council first determines the additional area satisfies two of the three criteria in subdivision 2.

**Sec. 14. [469.203] TARGETED NEIGHBORHOOD REVITALIZATION AND FINANCING PROGRAM REQUIREMENTS.**

**Subdivision 1. COMPREHENSIVE REVITALIZATION AND FINANCING PROGRAM.** For each targeted neighborhood for which a city requests state financial assistance under section 15, the city must prepare a comprehensive revitalization and financing program that includes the following:

(1) the revitalization objectives of the city for the targeted neighborhood;

(2) the specific activities or means by which the city intends to pursue and implement the revitalization objectives;

(3) the extent to which the activities identified in clause (2) will benefit low- and moderate-income families, will alleviate the blighted condition of the targeted neighborhood, or will otherwise assist in the revitalization of the targeted neighborhood;

(4) a statement of the intended outcomes to be achieved by implementation of the revitalization program, how the outcomes will be measured both qualitatively and quantitatively, and the estimated time over which they will occur; and

(5) a financing program and budget that identifies the financial resources necessary to implement the revitalization program, including:

(i) the estimated total cost to implement the revitalization program;

(ii) the estimated cost to implement each activity in the revitalization program identified in clause (2);

(iii) the estimated amount of financial resources that will be available from all sources other than from the appropriation available under section 15 to implement the revitalization program, including the amount of private investment expected to result from the use of public money in the targeted neighborhood;

(iv) the estimated amount of the appropriation available under section 15 that will be necessary to implement the revitalization program;

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(v) a description of the activities identified in the revitalization program for which the state appropriation will be committed or spent; and

(vi) a statement of how the city intends to meet the requirement for a financial contribution from city matching money in accordance with section 15, subdivision 3.

**Subd. 2. TARGETED NEIGHBORHOOD PARTICIPATION IN PREPARING REVITALIZATION PROGRAM.** A city requesting state financial assistance under section 15 shall adopt a process to involve the residents of targeted neighborhoods in the development, drafting, and implementation of the revitalization program. The process shall include the use of a citizen participation process established by the city. A description of the process must be included in the program. The process to involve residents of the targeted neighborhood must include at least one public hearing. The city of Minneapolis shall establish the community-based process as outlined in subdivision 3. The city of St. Paul shall use the same community-based process the city used in planning, developing, drafting, and implementing the revitalization program required under Laws 1987, chapter 386, article 6, section 6. The city of Duluth shall use the same citizen participation process the city used in planning, developing, and implementing the federal funded community development program.

**Subd. 3. COMMUNITY PARTICIPATION; MINNEAPOLIS.** (a) For the purposes of this subdivision, "city" means the city of Minneapolis.

(b) The city shall adopt a process to involve the residents in targeted neighborhoods and assisted housing in planning, developing, and implementing the program. As part of this process, the city shall ensure that the community-based process has sufficient resources to assist in the development of the program and that the advisory board is established.

(c) Beginning with the program for 1991, each targeted neighborhood or group of targeted neighborhoods in the city must have a strategic planning group whose members include residents of the targeted neighborhood and representatives of institutions in the neighborhood. The group shall, as part of its responsibilities, develop a strategic plan for the neighborhood. This strategic plan must include the elements that the planning group recommends as part of the program. The strategic plan must also address how the targeted neighborhood portions of the revitalization program will be integrated with the elements that are recommended to be included as part of the community resources program if such a program is developed in the city. If possible, the city shall integrate the community participation process required under this subdivision with the community participation process required for the development of the community resources program if such a program is developed in the city.

(d) The city shall ensure that the strategic planning group required under paragraph (c) is established. An existing group or organization that reflects the required membership under paragraph (c) may be designated as the strategic planning group. The city may provide financial and staff resources to ensure the establishment of the strategic planning groups, and may use part of the money received from the state under section 15 to assist in the establishment of the targeted neighborhood strategic planning groups.

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(e) As part of the process for the development of the program, each targeted neighborhood strategic planning group shall submit assigned priority recommendations for the revitalization program to the city and the advisory board established under paragraph (f).

(f) The city shall establish an urban revitalization action program advisory committee to assist the city in developing and implementing the preliminary revitalization program. The advisory committee shall consist of at least two representatives of the city council appointed by the city council, one or more for-profit or nonprofit housing developers, one or more representatives of the business community appointed by the city's chamber of commerce, and resident representatives of the targeted neighborhoods. The representatives of the targeted neighborhoods shall represent a majority of the membership of the advisory committee and reflect the geographic, cultural, racial, and ethnic diversity of the targeted neighborhoods. The city may determine the size of the advisory committee and may designate an existing entity as the advisory committee if the entity meets the membership requirements outlined in this subdivision.

(g) The advisory committee shall work closely with city staff in developing and drafting the preliminary revitalization program. The advisory committee shall be involved in assessing needs, prioritizing funds, and developing criteria for evaluating program proposals. In developing the preliminary program, the advisory committee shall give consideration to the recommendations made by the targeted neighborhood strategic planning groups.

(h) The advisory committee shall conduct a public hearing and secure input from residents of targeted neighborhoods, business persons, governmental units affected by the program, and other organizations and persons.

(i) The advisory committee and city staff may make any changes to the preliminary program resulting from testimony given at the public hearing. The advisory committee must formally recommend to the city council a preliminary revitalization program.

**Subd. 4. CITY APPROVAL OF PROGRAM.** (a) For the purposes of this subdivision, "city" means the cities of Minneapolis and Duluth.

(b) Before adoption of a revitalization program under paragraph (c), the city must submit a preliminary program to the commissioner, the state planning agency, and the Minnesota housing finance agency for their comments. The city may not adopt the revitalization program until comments have been received from the state agencies or 30 days have elapsed without response after the program was sent to them. Comments received by the city from the state agencies within the 30-day period must be responded to in writing by the city before adoption of the program by the city.

(c) The city may adopt a revitalization program only after holding a public hearing after the program has been prepared. Notice of the hearing must be provided in a newspaper of general circulation in the city and in the most widely

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circulated community newspaper in the targeted neighborhoods not less than ten days nor more than 30 days before the date of the hearing.

(d) A certification by the city that a revitalization program has been approved by the city council for the targeted neighborhood must be provided to the commissioner together with a copy of the program. A copy of the program must also be provided to the Minnesota housing finance agency and the state planning agency.

(e) A revitalization program for the city may be modified at any time by the city council after a public hearing, notice of which is published in a newspaper of general circulation in the city and in the targeted neighborhood at least ten days nor more than 30 days before the date of the hearing. If the city council determines that the proposed modification is a significant modification to the program originally certified under paragraph (d), the city council shall implement the revitalization program approval and certification process of this subdivision for the proposed modification.

Subd. 5. CITY OF SAINT PAUL APPROVAL. (a) Notwithstanding any other law, including laws passed by the 1989 legislature, the city of St. Paul must use the process under this subdivision for developing and certifying an urban revitalization action program.

(b) For the purposes of this subdivision, "city" means the city of Saint Paul.

(c) A city may approve a preliminary revitalization program developed through a process that includes the citizen participation required under subdivision 2 only after holding a public hearing. Notice of the hearing must be provided in a newspaper of general circulation in the city and in the targeted neighborhoods not less than ten days nor more than 30 days before the date of the hearing. After the public hearing and after the city has incorporated any changes into the preliminary program as a result of the public hearing, the city may approve the preliminary program and shall submit the approved preliminary program for final approval to the review board.

(d) After approval, the city shall submit the preliminary program to the commissioner, the state planning agency, and the Minnesota housing finance agency for their comments. The state agencies have 30 days to provide comments to the preliminary program. State agency comments must be submitted in writing to the review board established under paragraph (e).

(e) The city shall establish a city urban revitalization action program review board whose purpose is to review the preliminary program submitted by the city, and approve all or portions of the program. The review board consists of two city council members who represent targeted neighborhoods, two members representing the city's business community appointed by the chamber of commerce representing businesses in the city, and three residents of targeted neighborhoods appointed by the city council. Two members of the house of representatives and one member of the state senate appointed by the city's

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legislative delegation shall be nonvoting members of the review board. Nonvoting legislative members of the review board shall represent targeted neighborhoods. A member of the review board may not be an elected public official, or in any way be involved in preparing or implementing the program or any portion of the program. The review board may require the city to contract for staff assistance in reviewing and approving the program. Persons who provide staff assistance to the review board may not be city employees or in any way involved in a formal or informal organization representing residents of a targeted neighborhood. The city may use state money available under section 15 to pay for the costs of staffing the review board.

(f) The review board shall review the city's preliminary program and approve all or portions of the program. In reviewing the program, the review board shall take into account any comments submitted by state agencies under paragraph (d). The review board may only reject the revitalization program or portions of the program for the following reasons:

(1) the revitalization program does not include the information required under subdivision 1;

(2) the city did not follow the community-based process required under subdivision 2 for developing the revitalization program; or

(3) the revitalization program results in undue concentration of targeted neighborhood money in a single proposed activity or project.

The review board may approve all of the preliminary program and submit it to the city council for certification under paragraph (g) or submit for certification only those specific portions of the program approved by the review board. If the review board does not approve a portion of the program, it shall specify in writing to the city the reasons for not approving that portion of the program and any recommendations for changes. If the review board determines that a portion of the program needs significant changes, it may require the city to implement the community participation process under subdivision 2 and state review under this subdivision for making changes to that portion of the program.

(g) The city council may, by formal resolution, certify only those portions of a program approved by the review board under paragraph (f). A certification by the city council that all or portions of a revitalization program has been approved by the review board must be provided to the commissioner together with a copy of the approved portions of the program. A copy of the approved portions of the program must be submitted to the state planning agency and Minnesota housing finance agency.

(h) A revitalization program may be modified at any time by the city after a public hearing and approval by the review board. Notice of the public hearing must be published in a newspaper of general circulation in the city and in the targeted neighborhoods not less than ten days nor more than 30 days before the date of the hearing. If the review board determines that the proposed modificat-

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ion is a significant modification to the program originally certified under paragraph (g), it must require the implementation of the revitalization program approval and certification process under this subdivision for the proposed modification.

**Sec. 15. [469.204] PAYMENT; CITY MATCHING MONEY; DRAW-DOWN; USES OF STATE MONEY.**

Subdivision 1. PAYMENT OF STATE MONEY. Upon receipt from a city of a certification that a revitalization program has been adopted or modified, the commissioner shall, within 30 days, pay to the city the amount of state money identified as necessary to implement the revitalization program or program modification. State money may be paid to the city only to the extent that the appropriation limit for the city specified in subdivision 2 is not exceeded. Once the state money has been paid to the city, it becomes targeted neighborhood money for use by the city in accordance with an adopted revitalization program and subject only to the restrictions on its use in sections 12 to 18.

Subd. 2. ALLOCATION. Each city of the first class, as defined in section 410.01, may receive a part of the appropriations made available that is the proportion that the population of such city bears to the combined population of such cities of the first class. One city may agree to reduce its entitlement amount and to make it available to another city. For the purposes of this subdivision the population of each city is determined according to the most recent estimates available to the commissioner. Interest earned by a city from money paid to the city must be repaid to the commissioner annually unless the revitalization program identifies the interest as necessary to implement the revitalization program and the requirement for city matching money is satisfied with respect to the interest.

Subd. 3. CITY MATCHING MONEY; DRAWDOWN AND RESTRICTION ON USE OF STATE MONEY. A city may spend state money only if the revitalization program identifies city matching money to be used to implement the program in an amount equal to the state appropriation paid to the city. A city must keep the state money in a segregated fund for accounting purposes.

**Sec. 16. [469.205] CITY POWERS AND ELIGIBLE USES OF TARGETED NEIGHBORHOOD MONEY.**

Subdivision 1. CONSOLIDATION OF EXISTING POWERS IN TARGETED NEIGHBORHOODS. A city may exercise any of its corporate powers within a targeted neighborhood. Those powers shall include, but not be limited to, all of the powers enumerated and granted to any city by chapters 462C, 469, and 474A. For the purposes of sections 469.048 to 469.068, a targeted neighborhood is considered an industrial development district. A city may exercise the powers of chapters 469.048 to 469.068 in conjunction with, and in addition to, exercising the powers granted by sections 469.001 to 469.047 and chapter 462C, in order to promote and assist housing construction and rehabilitation within a targeted neighborhood. For the purposes of section 462C.02, subdivision 9, a targeted neighborhood is considered a "targeted area."

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Subd. 2. GRANTS AND LOANS. In addition to the authority granted by other law, a city may make grants, loans, and other forms of public assistance to individuals, for-profit and nonprofit corporations, and other organizations to implement a revitalization program. The public assistance must contain the terms the city considers proper to implement a revitalization program.

Subd. 3. ELIGIBLE USES OF TARGETED NEIGHBORHOOD MONEY. The city may spend targeted neighborhood money for any purpose authorized by subdivision 1 or 2, except that an amount equal to at least 50 percent of the state payment under section 15 made to the city must be used for housing activities. Use of target neighborhood money must be authorized in a revitalization program.

**Sec. 17. [469.206] HAZARDOUS PROPERTY PENALTY.**

A city may assess a penalty up to one percent of the market value of real property, including any building located within the city that the city determines to be hazardous as defined in section 463.15, subdivision 3. The city shall send a written notice to the address to which the property tax statement is sent at least 90 days before it may assess the penalty. If the owner of the property has not paid the penalty or fixed the property within 90 days after receiving notice of the penalty, the penalty is considered delinquent and is increased by 25 percent each 60 days the penalty is not paid and the property remains hazardous. For the purposes of this section, a penalty that is delinquent is considered a delinquent property tax and subject to Minnesota Statutes, chapters 279, 280, and 281, in the same manner as delinquent property taxes.

**Sec. 18. [469.207] ANNUAL AUDIT AND REPORT.**

Subdivision 1. ANNUAL FINANCIAL AUDIT. In 1989 and subsequent years, at the end of each calendar year, the legislative auditor shall conduct a financial audit to review the spending of state money under sections 12 to 18. Before spending state money to implement a revitalization program, the city must consult with the legislative auditor to determine appropriate accounting methods and principles that will assist the legislative auditor in conducting its financial audit. The results of the financial audit must be submitted to the legislative audit commission, the commissioner, the state planning agency, and the Minnesota housing finance agency.

Subd. 2. ANNUAL REPORT. A city that begins to implement a revitalization program in a calendar year must, by March 1 of the succeeding calendar year, provide a detailed report on the revitalization program or programs being implemented in the city. The report must describe the status of the program implementation and analyze whether the intended outcomes identified in section 14, subdivision 1, clause (4), are being achieved. The report must include at least the following:

(1) the number of housing units, including lost units, removed, created, lost, replaced, relocated, and assisted as a result of the program. The level of rent of the units and the income of the households affected must be included in the report;

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(2) the number and type of commercial establishments removed, created, and assisted as a result of a revitalization program. The report must include information regarding the number of new jobs created by category, whether the jobs are full-time or part-time, and the salary or wage levels of both new and expanded jobs in the affected commercial establishments;

(3) a description of a statement of the cost of the public improvement projects that are part of the program and the number of jobs created for each \$20,000 of money spent on commercial projects and applicable public improvement projects;

(4) the increase in the tax capacity for the city as a result of the assistance to commercial and housing assistance; and

(5) the amount of private investment that is a result of the use of public money in a targeted neighborhood.

The report must be submitted to the commissioner, the Minnesota housing finance agency, the state planning agency, and the legislative audit commission, and must be available to the public.

#### Sec. 19. REVITALIZATION PROGRAM MONITORING.

The commissioner of the state planning agency, in consultation with other appropriate state agencies, shall monitor the planning, development and implementation of the urban revitalization action program. The commissioner shall determine if:

(1) the process used for developing the programs is providing adequate neighborhood participation in the planning, drafting and implementation of the programs;

(2) the programs are effectively achieving the statutory objectives and the objectives outlined in the programs themselves; and

(3) private funding is being used to partially fund the activities established under the programs.

The state planning agency shall provide an interim report to the legislature by January 1, 1990, with a final report of its findings due by January 1, 1991.

#### Sec. 20. COMMUNITY SOCIAL AND ECONOMIC NEEDS.

The commissioner of the state planning agency, in consultation with representatives of cities, counties, and school districts, shall identify significant social and economic needs in the communities throughout the state, including the future needs of the cities of the first class. The identification of the needs must be done on a county by county basis using demographic characteristics that will allow social and economic needs to be thoroughly demonstrated. When possible, the commissioner shall also identify the needs of all cities with populations of 2,500 or more people.

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The demographic, economic, and other data utilized in identifying the social and economic needs shall be maintained in a data base that is accessible to legislators, researchers, and representatives of local governments. The commissioner shall provide an interim report on its findings to the legislature by January 1, 1990, with a final report by January 1, 1991.

Sec. 21. **REPEALER.**

Laws 1987, chapter 386, article 6, sections 4, 5, 6, 7, 8, 9, 10 and 11, and Laws 1987, chapter 384, article 3, section 22, are repealed, provided that actions taken under those provisions prior to the effective date of this chapter with respect to any program or to a targeted neighborhood are ratified and affirmed and must be treated as if validly taken under the provisions of sections 12 to 18.

Sec. 22. **EFFECTIVE DATE.**

Sections 12 to 18 and 21 are effective the day after final enactment, provided that the provisions of sections 12 to 15 and 16, subdivisions 2 and 3, shall not apply to any program funded by the state in fiscal year 1988.

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**ARTICLE 7**

**YOUTH EMPLOYMENT AND HOUSING PROGRAM**

Section 1. Minnesota Statutes 1988, section 268.361, subdivision 4, is amended to read:

Subd. 4. **ELIGIBLE ORGANIZATION.** "Eligible organization" means a public agency or a nonprofit organization that can demonstrate an ability to design implement a program for education and training services provided to targeted youth. Eligible organizations may include local jurisdictions, public school districts, private nonsectarian schools, post-secondary educational institutes, alternative schools, community groups, and labor organizations.

Sec. 2. Minnesota Statutes 1988, section 268.361, is amended by adding a subdivision to read:

Subd. 4a. **PROGRAM.** "Program" means the services and activities performed or contracted for by an eligible organization for which a grant has been received or for which a grant application has been submitted to the commissioner.

Sec. 3. Minnesota Statutes 1988, section 268.362, is amended to read:

268.362 **PLANNING GRANTS.**

The commissioner shall make grants of ~~up to~~ \$20,000 to eligible organizations for ~~the design of~~ programs to provide education and training services to

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targeted youth. The purpose of these programs is to provide specialized training and work experience to at-risk targeted youth who have not been served effectively by the current educational system. The programs are ~~to be designed~~ to include a work experience component with work projects that result in the rehabilitation or construction of residential units for the homeless. Two or more eligible organizations may jointly apply for a ~~planning~~ grant. The commissioner shall administer the grant program.

Interested eligible organizations must apply to the commissioner for the grants. The advisory committee must review the applications and provide to the commissioner a list of recommended eligible organizations that the advisory committee determines meet the requirements for receiving a ~~planning~~ grant. ~~The commissioner shall select from the committee's list at least four organizations to receive the planning grants with at least one organization located in each of the cities of Minneapolis and St. Paul and two organizations located outside the metropolitan area defined in section 473.121, subdivision 2.~~

Sec. 4. Minnesota Statutes 1988, section 268.364, is amended to read:

**268.364 PROGRAM PURPOSE AND DESIGN.**

Subdivision 1. **PROGRAM PURPOSE.** The grants awarded under section 268.362 are for ~~the design of~~ a youth employment and training program directed at targeted youth who are likely to be at risk of not completing their high school education. Each program ~~design~~ must include education, work experience, and job skills components.

Subd. 2. **EDUCATION COMPONENT.** A program ~~design~~ must contain an education component that requires program participants ~~who have not completed to complete~~ their secondary education ~~to be enrolled~~ in a traditional public or private secondary school, a suitable alternative school setting, or a GED program. Program participants must be working toward the completion of their secondary education or literacy advancement.

Subd. 3. **WORK EXPERIENCE COMPONENT.** A work experience component must be included in each program ~~design~~. The work experience component must provide vocational skills training in an industry where there is a viable expectation of job opportunities and a training subsidy or stipend may be provided to program participants. The wage or stipend must be provided to participants who are recipients of public assistance in a manner or amount which will not reduce public assistance benefits. The work experience component must be designed so that work projects result in the expansion or improvement of residential units for homeless persons and very low income families, and must include direct supervision by individuals skilled in each specific vocation. ~~The program design must include an examination of how~~ Program participants may earn credits toward the completion of their secondary education from their participation in the work experience component.

Subd. 4. **JOB READINESS SKILLS COMPONENT.** A job readiness

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skills component must be included in each program design. The component must provide program participants with job search skills, placement assistance, and other job readiness skills to ensure that participants will be able to compete in the employment market.

~~Subd. 5. ELIGIBLE PROGRAM PROVIDERS. A program design must include the examination of the types of organizations that would administer and operate the program. The types of organizations examined must include public school districts, private nonsectarian schools, alternative schools, local jurisdictions, housing related groups, community groups, and labor organizations, or a joint effort among two or more of these organizations.~~

Sec. 5. Minnesota Statutes 1988, section 268.365, is amended to read:

**268.365 HOUSING FOR HOMELESS.**

Subdivision 1. **WORK PROJECT REQUIREMENT.** The work experience component of the youth employment and training program described in section 268.364 must include work projects that provide residential units through construction ~~or~~ rehabilitation, or improvement for the homeless and families with very low incomes.

Subd. 2. **PRIORITY FOR HOUSING.** Any residential units that become available through the ~~employment and training~~ program must be allocated in the following order:

- (1) homeless families with at least one dependent;
- (2) other homeless individuals;
- (3) other very low income families and individuals; and
- (4) families or individuals that receive public assistance and that do not qualify in any other priority group.

Subd. 3. **ACQUISITION OF HOUSING UNITS.** ~~The program design must include an examination of the means of acquiring eligible organization receiving a grant under section 268.362 shall acquire property or buildings for the construction or rehabilitation of residential units at the lowest possible cost. The examination must include the review of Possible sources of property and funding through federal, state, or local agencies, including include the federal Department of Housing and Urban Development, Farmers Home Administration, Minnesota housing finance agency, and the local housing authority.~~

Subd. 4. **MANAGEMENT OF RESIDENTIAL UNITS.** The program design must address how to manage these residential units, including the source of financing for the maintenance costs of the buildings. Any management plan must include the participation of the residents and local established neighborhood groups.

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Sec. 6. Minnesota Statutes 1988, section 268.366, is amended to read:

**268.366 REQUIREMENTS OF ORGANIZATIONS RECEIVING GRANTS.**

An organization that is awarded a ~~planning grant under section 268.362~~ shall prepare and submit ~~a~~ an annual report to the commissioner by ~~January 15,~~ 1989 September 1 of each year. The report must ~~address each~~ include a discussion of the following:

(1) the ~~method process used~~ for encouraging the participation of the targeted youth in the geographic area surrounding the organization receiving the grant;

(2) the support services and social services that targeted youth ~~require and the means of providing those services to program participants~~ received under the program. Services may include client needs assessment, preemployment skills such as basic job skills and behavior, and intermediate needs such as education and chemical dependency treatment;

(3) the type and degree of work experience that program participants ~~must participate in~~ received, including real work experience in both vocational and nonvocational settings;

(4) the amount of training subsidy or stipend that each participant ~~should receive~~ received while participating in the work experience component. The subsidy or stipend must reflect prevailing wage and benefits standards appropriate for preapprenticeship training unless a participant's receipt of public assistance is affected. The subsidy or stipend should be structured to include incentives for progress toward increasing job skills and completing secondary education;

(5) the ~~identification and~~ means of providing the necessary job readiness skills ~~so that~~ to program participants who have completed the work experience and educational components of the program ~~may have so they have~~ the ability to compete in the job market. These job search skills may include skills assessment, job search and selection, application preparation and assistance in preparing for job interviews;

(6) the methods ~~that may~~ be used to assist in placing program participants in suitable employment. The methods should include means of involving state government, businesses, labor organizations, community groups, and local jurisdictions in assisting in the placement;

(7) ~~a plan~~ the process used for evaluating the program, including the necessary data elements ~~that must be~~ collected from program participants after they have completed the program ~~to monitor~~ for monitoring the success of the program;

(8) the method used to maximize parental involvement in the program;

(9) the ~~identification~~ of existing public and private programs that ~~may be~~ were utilized by the program to avoid duplication of services;

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(10) the ~~identification~~ of regional characteristics that ~~may affect~~ affected the operation of the program in the specific region where the organization is located;

(11) the ~~identification and means of addressing~~ the special needs of priority groups of targeted youth, ~~which groups may include~~ including:

(i) persons who are responsible for at least one dependent;

(ii) persons who are pregnant;

(iii) persons who are or have been subject to any stage of the criminal justice system and who may benefit from receiving employment and training services in overcoming barriers to employment resulting from a record of arrest or conviction;

(iv) persons receiving income maintenance services and social services, including chemical dependency treatment, vocational rehabilitation services, and protection services;

(v) persons who reside on a farm who personally derive or whose family derives a substantial portion of their income from farming, lack nonfarm work skills, or have limited access to vocational education or work experience opportunities;

(vi) homeless youth; and

(vii) minors who that are not financially dependent on a parent or a guardian;

(12) ~~cost estimates~~ costs for each of the components of the program; and

(13) the identification of the funding sources other than state appropriations that ~~may be~~ were used to support the program.

Sec. 7. Minnesota Statutes 1988, section 268.367, is amended to read:

#### 268.367 **REPORT.**

The commissioner shall prepare and submit ~~a~~ an annual report to the legislature and the governor by ~~February~~ January 15, ~~1989~~ of each year, that ~~outlines the various program designs~~ summarizes the annual reports submitted by the organizations that received planning grants. The report ~~must~~ may also include recommendations on ~~which components of the~~ improving the program ~~designs are most suitable to meeting to better meet~~ the needs of targeted youth. The advisory committee must participate in the preparation of this report and in the formulation of ~~the~~ any recommendations.

#### Sec. 8. [1990 REPORT.]

The annual report for 1990 required under Minnesota Statutes, section 268.367, must include specific recommendations on whether the program should be continued on a permanent basis and, if continued, the state agency that

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should administer the program. In preparing this report and the recommendations, the commissioner of the state planning agency must consult with the eligible organization receiving a grant under section 9 and the advisory committee.

#### Sec. 9. DEMONSTRATION GRANTS.

Notwithstanding Minnesota Statutes, section 268.362, the commissioner of the state planning agency shall award two demonstration grants to eligible organizations, as defined in Minnesota Statutes, section 268.361, subdivision 4, based on criteria established in the report required under Laws 1988, chapter 686, article 3, section 7. To achieve a demonstration grant under this section, the eligible organization must match the grant money with at least an equal amount of nonstate money. The commissioner of finance must verify that the eligible organization has matched the grant money.

### ARTICLE 8

#### HOUSING IMPACT REPORT

##### Section 1. [504.33] DEFINITIONS.

Subdivision 1. SCOPE. The definitions in this section apply to sections 1 to 3.

Subd. 2. CITY. "City" means a city of the first class as defined in section 410.01. The term "city" also includes, where applicable, a port authority, economic development authority, a housing and redevelopment authority, or any development agency established under chapter 469 which share common boundaries with the city.

Subd. 3. DISPLACE. "Displace" means to demolish, acquire for or convert to a use other than low-income housing, or to provide or spend money that directly results in the demolition, acquisition, or conversion of housing to a use other than low-income housing.

"Displace" does not include providing or spending money that directly results in: (i) housing improvements made to comply with health, housing, building, fire prevention, housing maintenance, or energy codes or standards of the applicable government unit; (ii) housing improvements to make housing more accessible to a handicapped person; or (iii) the demolition, acquisition, or conversion of housing for the purpose of creating owner-occupied housing that consists of no more than four units per structure.

Subd. 4. GOVERNMENT UNIT. "Government unit" means a state agency; a public or private agency, corporation, or entity receiving a direct appropriation from the state for the purpose of a project that would displace low-income

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housing in a city; or a general or special purpose unit of government in the state, including a city, county, and county housing and redevelopment authority.

**Subd. 5. LOW-INCOME HOUSING.** “Low-income housing” means rental housing with a rent less than or equal to 30 percent of 50 percent of the median income for the county in which the rental housing is located, adjusted by size. “Low-income housing” also includes rental housing that has been vacant for less than two years, that was low-income housing when it was last occupied, and that is not condemned as being unfit for human habitation by the applicable government unit.

**Subd. 6. RENTAL HOUSING.** “Rental housing” includes rental apartments, rooms, and housing; board and lodging units; rooms in single-occupancy buildings and hotels that offer to be used as the sole residence of the occupant; transitional housing; and shelters. Rental housing does not include transitional housing located within a floodplain or community based residential facilities.

**Subd. 7. REPLACEMENT HOUSING.** “Replacement housing” means rental housing that is:

(1) the lesser of (i) the number and corresponding size of low-income housing units displaced, or (ii) sufficient in number and corresponding size of those low-income housing units displaced to meet the demand for those units;

(2) low-income housing for the greater of 15 years or the compliance period of the federal low-income housing tax credit under United States Code, title 26, section 42(i)(1), as amended. This section does not prohibit increases in rent to cover operating expenses;

(3) in at least standard condition; and

(4) located in the city where the displaced low-income housing units were located.

Replacement housing may be provided as newly constructed housing, or rehabilitated or rent subsidized existing housing that does not already qualify as low-income housing.

**Subd. 8. SIZE.** “Size” means the number of bedrooms in a housing unit.

## **Sec. 2. [504.34] ANNUAL HOUSING IMPACT REPORT.**

**Subdivision 1. ANNUAL REPORT REQUIRED.** A government unit shall prepare an annual housing impact report for each year in which the government unit displaces ten or more units of low-income housing in a city of the first class as defined in section 410.01.

**Subd. 2. DRAFT ANNUAL HOUSING IMPACT REPORT.** A government unit subject to this section must prepare a draft annual housing impact report for review and comment by interested persons. The draft report must be

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completed by January 31 of the year immediately following a year in which the government unit has displaced ten or more units of low-income housing in a city.

Subd. 3. CONTENTS. The draft and final annual housing impact reports must include:

(1) identification of each low-income housing unit that was displaced in the previous year in the city where housing was displaced by the government unit, including the unit's address, size, and rent; the number of persons who could have occupied the unit; the condition the unit was in, and whether it was habitable at the time of displacement; the owner of the unit; whether it was owner occupied; and how and when it was displaced;

(2) identification of each unit of replacement housing provided in the previous year in the city, including the unit's address, size, and rent; the number of persons who could occupy the unit; the owner of the unit; whether it is owner occupied; and an identification of the displaced low-income housing unit that was replaced by the unit of replacement housing;

(3) analysis of the supply of and demand for all sizes of low-income housing units, by size and rent, in the city;

(4) determination of whether there is an adequate supply of available and unoccupied low-income housing units to meet the demand for all sizes of low-income housing, by size and rent, in the city where housing has been displaced by the government unit;

(5) estimation of the cost of providing replacement housing for low-income housing not in adequate supply to meet the demand for all sizes of low-income housing, by size and rent, in the city where housing has been displaced by the government unit; and

(6) analysis of the government unit's compliance with the replacement plans of previous housing annual impact reports and project housing impact statements.

Subd. 4. REPLACEMENT PLAN. If there is an inadequate supply of available and unoccupied low-income housing units to meet the demand for the replacement housing in the city where housing has been displaced by the government unit, the draft and final annual housing impact reports must include a plan for providing the replacement housing within 36 months following the date of the final annual housing impact report.

Subd. 5. NOTICE; REQUEST FOR COMMENTS. A government unit subject to this section must provide for public input in preparing the annual housing impact report, including a public comment period and a public hearing. The government unit must publish notice of its draft annual housing impact report in a newspaper of general circulation in the city by the deadline for

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completion of the draft annual housing impact report. The notice must include a request for comments on the draft annual housing impact report within the 30 days following the notice, and the date, time, and location of the public hearing on the draft annual housing impact report, to be held within 15 to 30 days following the date of notice. Copies of the notice must be sent to the neighborhood and citizen participation organizations, district planning councils, housing referral and information services, shelters, homeless and tenants advocacy groups, and legal aid offices in the city where the displaced low-income housing was located. Copies of the notice and the draft annual housing impact report must be submitted to the state planning agency and the Minnesota housing finance agency.

Subd. 6. FINAL ANNUAL HOUSING IMPACT REPORT. In preparing and approving a final annual housing impact report, a government unit subject to this section must consider comments received during the comment period and at the public hearing on the draft report. The final report shall be prepared within 30 days following the deadline for receipt of comments on the draft annual housing impact report. The government unit shall publish notice of the final annual housing impact report in a newspaper of general circulation in the city. Copies of the notice must be sent to neighborhood and citizen participation organizations, district planning councils, housing referral and information services, shelters, homeless and tenants advocacy groups, and legal aid offices in the city where the displaced low-income housing was located. Copies of the notice and the draft annual housing impact report must be submitted to the state planning agency and the Minnesota housing finance agency.

### Sec. 3. [504.35] REPLACEMENT HOUSING REQUIRED.

A government unit which displaces ten or more units of low-income housing in a city of the first class as defined in section 410.01 and is subject to section 2 must provide the replacement housing within 36 months following the date of the final annual housing impact report, unless there is an adequate supply of available and unoccupied low-income housing units to meet the demand for the replacement housing in the city where housing has been displaced by the government unit.

Presented to the governor May 30, 1989

Signed by the governor June 2, 1989, 12:10 p.m.

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## CHAPTER 329—H.F.No. 654

*An act relating to education; providing for general education revenue, transportation, special programs, community education, school facilities and equipment, education organization and cooperation, access to education excellence, school breakfast programs, sexual harassment and violence policies, libraries, state education agencies, education agency serv-*

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