



2025 Legislative Session Summary

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Introduction

The 2025 legislative session was a difficult session proving that narrow margins and unexpected events can grind a legislature to a halt. The session was unique from the moment the legislature convened on January 14, with a 33 to 33 tie in the Senate and only half of the House in attendance.

Tasked with crafting a budget for fiscal years 2026–27, lawmakers wrestled with meager revenues and a staggering \$5.95 billion shortfall projected for FY 2027–28. Like many recent budget years, the legislature required extra time to complete their work. They were able to finish crafting the state budget during a one-day special session in June.

Senate Starts in an Unexpected Tie

The Senate began the 2025 session tied 33-33 after former Senate Majority Leader Kari Dziedzic (DFL-Minneapolis) passed away on December 27, 2024. Her battle with ovarian cancer led her to resign from the leadership position before the start of the 2024 legislative session. In 2024, she served as the Chair of the State Government Committee.

Under the power-sharing agreement that followed, all Senate committees were co-chaired and composed of equal numbers of DFL and Republican members, and the Senate was presided over by co-Presidents. On January 28, Doron Clark (DFL-Minneapolis) won a special election to fill the vacancy. Once he was sworn in, the DFL regained its one-seat majority and voted to end the power-sharing agreement. The Senate defaulted back to a structure with narrow DFL-majorities on committees, DFL-committee chairs, and a DFL Senate President.

Chaotic Start in the House

In the November election, 67 DFL candidates and 67 Republican candidates were elected, preparing the Minnesota House to be tied for the first time since the 1978 election.

Democratic candidate Curtis Johnson was elected to represent District 40B, succeeding Rep. Jamie Becker-Finn. In the final weeks of the campaign, his opponent, Paul Wikstrom, challenged Johnson's residency. A district court judge ruled that Johnson did not meet the residency requirements and was therefore ineligible to serve. Johnson chose not to appeal and submitted his resignation to Governor Walz. Although Governor Walz called a special election for January 28, 2025, the Minnesota Supreme Court found that his actions were premature and delayed the election until March 11.

With the 40B seat vacant, Republicans held one more seat than the DFL and dismissed the power-sharing agreement they had been working on with the House DFL. In response, House DFL members boycotted the start of the 2025 session. They held a private swearing-in ceremony on the Sunday before the session began.

On the first day of session, Secretary of State Simon, acting as presiding officer, welcomed and swore in the Republican members and then adjourned for lack of quorum. After he departed, House Republicans remained in the chamber and went through the motions to operate the House

without a presiding officer. They elected a speaker, appointed committee chairs, introduced bills and held hearings.

The House DFL and the Secretary of State petitioned the Minnesota Supreme Court to clarify the quorum requirement. Republicans contended that 67 members constituted a quorum given the vacancy which meant there were only 133 eligible members of the House. The DFL maintained that a full body of 134 members required 68 present to conduct business. Ten days into the session, the Court ruled that 68 members were necessary to reach a quorum in the Minnesota House of Representatives.

Following the Court's ruling, the Minnesota House Republicans showed up at the Capitol every day without the House DFL members. Each day, the Secretary of State would declare that with 67 members being present there was not a quorum, and the House would adjourn until the following day when they would go through the same motions.

Power Sharing Agreement Breaks House Impasse

On the evening of February 5, the House DFL and Republican caucuses issued a joint statement outlining a power-sharing agreement and ending the DFL boycott. Under the agreement, Lisa Demuth (R-Cold Spring) became Speaker of the House for the biennium. Republicans would chair committees unless the House was tied, in which case each committee would have co-chairs and co-vice chairs. Committees would include equal numbers of DFL and Republican legislators, but one DFL member on each committee would be a nonvoting member unless the House was tied. The agreement established a House Fraud Prevention and State Agency Oversight Policy Committee with a 5-3 Republican advantage for the biennium.

On March 17, Representative David Gottfried (DFL-Shoreview) was sworn in to fill the District 40B vacancy, restoring the 67-67 tie and marking the first day of the 2025 session with every district represented.

Senator Eichorn Resigns

On March 17, Senator Justin Eichorn (R-Grand Rapids) was arrested for attempting to solicit sex from a minor. Both Republican and DFL legislators immediately called for his resignation. The Senate planned to expel him from the Minnesota Senate on March 20. Minutes before the Senate was going to expel him, Senator Eichorn sent a letter of resignation to the Governor. In his letter to the Governor Eichorn wrote, "I am resigning my seat in the Minnesota Senate District 6 effective immediately. I must focus on personal matters at this time." Senator Farnsworth assumed chief authorship of every bill Eichorn had led, and Eichorn was removed as co-author from all other bills. A special election to fill the vacancy was held on April 29. Keri Heintzman (R-Nisswa) won and was sworn in on May 6.

Budget Woes

In March, the Office of Minnesota Management and Budget (MMB) released its February Forecast, projecting a \$456 million surplus for the biennium. MMB warned that spending the full surplus would create a \$5.995 billion deficit in FY 28-29. In response, Governor Walz proposed

a supplemental budget that cuts \$725 million in FY 25–27. The House then issued targets to reduce general fund spending by \$1.16 billion in FY 26–27, while the Senate’s targets called for \$754 million in reductions.

Committee deadlines followed a two-date structure rather than the usual three: first and second policy deadlines were both April 4 at 5:00pm and the third deadline was April 11 at 12:00pm. The legislature also took brief recesses for Eid, Easter, and Passover.

The House and Senate released separate budget targets this year. A diversion from the typical process, which includes releasing targets that are signed off on by the Governor, Speaker, and Senate Majority Leader. The House released targets March 29; the Senate released targets March 28. The targets contemplated different numbers and different years in their proposals.

Joint budget targets were released on May 15 with only a handful of days left in the 2025 session. The joint targets were agreed to by the Governor, Senate Majority Leader, House Speaker, and House Speaker Emerita. The only caucus leader not signing off on the final deal was Senate Minority Leader Mark Johnson. The final agreement included a few policy provisions including eliminating MinnesotaCare eligibility for adult undocumented immigrants and closing the Stillwater prison in 2029. The announcement came with strong backlash, including chanting and press conferences, from DFL members who were blindsided by the announcement to repeal MinnesotaCare for undocumented adults.

The End of Session

The Minnesota Legislature adjourned its session on May 19 in accordance with the constitutional requirement to recess no later than the first Monday following the third Saturday of May. The legislature was able to pass only a few omnibus bills in the final days of the legislative session. On the final day of session, key appropriations bills for health care, education, human services, transportation, taxes, environment, energy, and more had not been completed.

Special Session

Since the state budget remained unresolved, legislators spent the next three weeks in working groups negotiating their remaining omnibus bills under the terms of a leadership agreement signed by Governor Walz, Speaker Lisa Demuth, Speaker Emerita Melissa Hortman, and Senate Majority Leader Erin Murphy. Workgroups composed of conferees from the session, or members named by legislative leaders, were instructed to meet in person and to exchange simultaneous offers at least twice daily. Most working groups did not meet publicly or only met publicly to announce their final budget agreement.

The legislature returned for a brief special session on June 9, to pass the remaining budget and policy bills. The legislature came to order at 10:00 am and was able to pass fifteen bills before the House adjourned around 11:00 pm, and the Senate adjourned closer to 2:00 am. The bill that took the most time on both the House and Senate Floors was a bill to repeal healthcare coverage for undocumented Minnesota adults which took more than four hours on the House Floor.

Tragedy

In the early hours of June 14, 2025, tragedy struck the State of Minnesota when legislators were targeted in violent attacks. Senator John Hoffman and his wife, Yvette, were shot multiple times in their home by a man impersonating law enforcement. Their daughter, Hope, was home at the time and was able to call 911, enabling them to receive emergency care. They are currently being treated at Mercy Hospital and are expected to recover. After arriving at the Hoffmans' residence, the attacker visited the homes of two other legislators and then proceeded to the home of Speaker Emerita Melissa Hortman.

A Brooklyn Park police sergeant, aware of the earlier attack on Senator Hoffman, instructed law enforcement to check on other elected officials. Officers arrived at Speaker Emerita Hortman's home while the assailant was present. A gunfire exchange occurred, and the suspect fled into the backyard. Tragically, both Speaker Emerita Melissa Hortman and her husband, Mark, were killed.

Following a 43-hour manhunt, the suspect was apprehended. He now faces six federal charges, including murder, which could result in the death penalty if pursued by prosecutors. He is also facing four state charges, including second-degree murder. Hennepin County Attorney Mary Moriarty has announced that her office will pursue a first-degree murder charge as well.

Looking Ahead

Senator Nicole Mitchell (DFL-Woodbury) is facing felony burglary charges related to an incident that occurred during the 2024 legislative session. In response to the charges, she was removed from all committee assignments and excluded from caucus meetings. Her trial, initially scheduled for the second week of the 2025 session, was postponed to June 16. However, following the tragic events that occurred the weekend prior, the trial has been rescheduled once again and is now set for July 14.

A special election will be required to fill the House seat vacated by the death of Speaker Emerita Melissa Hortman (DFL-Brooklyn Park). The Governor has not yet issued a formal call for that election. However, a special election is expected to occur before the start of the 2026 legislative session.

Senator Omar Fateh (DFL-Minneapolis) is running for Mayor of Minneapolis. The election takes place on November 4, 2025. If he is elected, a special election will be called to replace him in the Minnesota Senate.

The 2026 legislative session begins February 17, 2026, and it will be a policy year.

State Budget Overview

The state ended the 2025 legislative session with a projected budget balance of \$3.86 billion for the FY26–27 biennium, slightly above the \$3.74 billion forecasted in February. Lawmakers preserved most of the near-term surplus while significantly reducing the projected structural deficit for FY28–29. The out-year deficit dropped from nearly \$6 billion to \$1.17 billion, largely through base reductions, delayed spending, and one-time revenue adjustments.

Joint Budget Targets

Global Budget Agreement Committee Targets
General Fund Net Targets

\$ in thousands

5/14/2025

House/Sen/Gov Agreement

	FY 2025-27	FY2028-29
1 Net Targets		
2 Areas Within Omnibus Bills		
3 K-12 Education	-	(420,000)
4 Health and Human Services	(97,680)	(297,878)
5 Health	20,000	(70,000)
6 HCAF Balance Financing	(115,000)	(120,000)
7 Provider Tax Gross Revenue Definition & HCAF Financing	(23,900)	(30,100)
8 Other DHS	38,000	42,000
9 NEMT	(22,780)	(104,778)
10 Children and Families	6,000	(15,000)
11 Human Services	(270,000)	(820,000)
12 Higher Education	22,000	4,500
13 Agriculture, Broadband and Rural Development	9,000	3,000
14 Housing and Homelessness Prevention	15,000	3,800
15 Environment, Climate, and Legacy	(6,500)	2,500
16 Energy, Utilities, Environment & Climate	(4,000)	(4,000)
17 Commerce and Consumer Protection	(3,000)	(12,000)
18 Workforce, Labor, and Economic Development	(28,000)	(38,800)
19 Jobs and Economic Development	(30,000)	(40,000)
20 Labor	2,000	1,200
21 State Government	45,000	50,000
22 Veterans and Military Affairs	50,508	54,538
23 Elections	(1,064)	106
24 Transportation	(115,000)	(133,000)
25 Judiciary and Public Safety	107,423	112,079
26 Judiciary	19,163	54,822
27 Public Safety	88,260	57,257
28 Debt Service and Capital Projects	(10,907)	(168,028)
29 Taxes and Local Aids	(118,000)	(190,000)
30		
31 Other Items		
32 Pensions	80,000	80,000
33 Executive Branch Carryforward	30,000	15,000
34 Lead Lines	3,000	-
35 Other Items	9,164	(47,400)
36 Total GF Impact	(283,056)	(1,805,583)
37		
38 Remaining balance excluding inflation	1,884,138	(290,472)
39 Structural balance excluding inflation	-	(2,174,610)
40 Percent reduction in structural imbalance		45%

*John H. Weller
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Budget Targets

(\$ in Thousands, Not Joint Targets)

HOUSE			SENATE		
COMMITTEE	FY 26-27	FY 28-29	COMMITTEE	FY 25-27	FY 28-29
AGRICULTURE	17,000	17,000	AGRICULTURE	(313)	2,928
CAPITAL INVESTMENT	10,000	0	CAPITAL INVESTMENT	0	0
CHILDREN AND FAMILIES	25,000	(15,000)	CHILDREN AND FAMILIES	INCLUDED IN OTHER TARGETS	INCLUDED IN OTHER TARGETS
COMMERCE	3,000	(10,000)	COMMERCE	1,614	2,578
EDUCATION	40,000	0	EDUCATION	0	(687,400)
ELECTIONS	(1,824)	106	ELECTIONS	(1,064)	(15,146)
ENERGY	0	0	ENERGY	(4,000)	(4,000)
ENVIRONMENT	(10,000)	0	ENVIRONMENT	(1,000)	2,000
HEALTH	(50,000)	(175,000)	HEALTH	(261,811)	(336,860)
HIGHER EDUCATION	0	0	HIGHER EDUCATION	100,000	25,000
HOUSING	75,000	7,650	HOUSING	3,000	1,000
HUMAN SERVICES	(300,000)	(1,000,000)	HUMAN SERVICES	272,000	430,000
JUDICIARY	30,000	30,000	JUDICIARY	106,230	114,394
PUBLIC SAFETY	50,000	50,000	PUBLIC SAFETY	INCLUDED IN JUDICIARY TARGET	INCLUDED IN JUDICIARY TARGET
STATE GOVERNMENT	45,000	45,000	STATE GOVERNMENT	45,298	55,761
TAXES	(40,000)	(40,000)	TAXES	(365,000)	(370,000)
TRANSPORTATION	0	0	TRANSPORTATION	(226,990)	(132,382)
WORKFORCE	(50,000)	(50,000)	JOBS	8,649	4,546
LABOR	INCLUDED IN WORKFORCE TARGET	INCLUDED IN WORKFORCE TARGET	LABOR	357	798
PENSIONS	124,000	124,000	PENSIONS	45,000	0
OTHER	13,341	0	OTHER	0	0
INFLATION ADJUSTMENTS	(1,145,305)	1,597,465	DEBT SERVICES	27,048	25,719
<u>TOTAL GENERAL FUND CHANGE</u>	<u>(1,159,788)</u>	<u>(2,608,759)</u>	<u>TOTAL GENERAL FUND CHANGE</u>	<u>(754,024)</u>	<u>(1,738,758)</u>

Status of 2025 MLC Legislative Priorities

The Municipal Legislative Commission (MLC) actively engaged in advocating for local government priorities, including:

- Expanding Housing Production and Promoting Affordable Housing
- Investing in Infrastructure, Transportation & Economic Development
- Strengthening the State-Local Fiscal Partnership
- Supporting Safer Communities

Below is a summary of legislation that passed, proposals that did not advance, and other bills of interest to MLC members.

HOUSING, LAND USE & ZONING

The legislature passed the 2025 Omnibus Housing and Homelessness Prevention Bill ([Chapter 32](#)) with strong bipartisan support in the House (108–26) and a much closer vote in the Senate (36–31). While the final bill represents a compromise between House and Senate priorities, it fell short of funding levels sought by many housing advocates and left out controversial zoning and land use provisions. Despite the efforts of city organizations, including MLC, to identify compromise language on land use and zoning issues, the ideas brought forward by cities were ultimately left out of the final package. We anticipate land use and zoning issues will be a significant focus of the 2026 legislative session.

A full bill description is located in the Omnibus Bill Summary section. Here are several key provisions included in the bill:

Framework for stabilizing regulated affordable housing

Directs the commissioner of the MHFA to collaborate with a diverse group of stakeholders to develop a preservation framework aimed at stabilizing and sustaining regulated affordable rental housing. The framework must outline strategies, tools, and funding mechanisms to address distressed properties, explore changes to financing and regulatory conditions, improve operations of supportive housing, and recommend statutory changes if needed. It must also consider tenant protections and the safeguarding of public resources. A final report outlining the framework and any recommended legislative changes is due to the legislature by February 15, 2026.

Housing infrastructure bond authorization

Authorizes the Minnesota Housing Finance Agency to issue up to \$50 million in housing infrastructure bonds in addition to previously authorized amounts. Also creates a funding mechanism similar to prior bond series: beginning July 15, 2027, and continuing through 2048, the Commissioner of Management and Budget must annually transfer the certified amount needed to cover the debt service on these bonds from the general fund to the Housing Infrastructure Bond Account. Transfers are automatically appropriated.

Housing trust fund authority

Amends the definition of "local government" to include housing and redevelopment authorities (HRAs), allowing them to establish and manage local housing trust funds or participate in regional funds through joint powers agreements. Also clarifies that LGA funds distributed to tier I cities and counties must be spent on qualifying housing projects within specified deadlines or,

if spending directly on a project is not feasible due to circumstances beyond the recipient's control, transferred to a local housing trust fund that meets affordability requirements. The law also prohibits using aid funds to reimburse prior expenses and requires that any program income generated from these funds be reinvested in qualifying projects.

Prioritization of competitive development program awards

Effective immediately and applicable through December 31, 2029, directs the MHFA to award up to five percent of total available points in competitive capital development programs to projects located in jurisdictions that have adopted certain local policies aimed at reducing barriers to affordable housing development.

To qualify for the scoring bonus, a jurisdiction must meet at least one of the following criteria:

1. Allows multifamily housing in at least 50 percent of commercially zoned areas, excluding shoreland-regulated zones.
2. Permits duplexes, accessory dwelling units (ADUs), or townhomes in at least 50 percent of areas zoned for single-family housing, excluding shorelands.
3. Does not require more than one parking space per unit for single-family housing.
4. Does not require more than one parking space per unit for multifamily housing.
5. Does not require lot sizes greater than one-eighth of an acre for new single-family homes, excluding shorelands.
6. Does not impose aesthetic mandates on new single-family homes, such as specific exterior materials, architectural features, or garage dimensions.
7. Offers a density bonus for affordable housing, allowing increased floor area or lot coverage.
8. Has adopted an inclusionary zoning policy aimed at increasing the supply of affordable housing.

The incentive applies to MHFA's scoring systems developed on or after May 24, 2025.

Tenant resource disclosure requirement

Requires cities to include a link to the Minnesota Attorney General's *Landlord and Tenant Rights and Responsibilities* handbook—and instructions for requesting it in alternative formats—whenever issuing or renewing a rental license, rental registration, or certificate of occupancy.

DID NOT PASS

Several high-profile housing proposals were considered during the 2025 legislative session but were not included in the final housing package:

Administrative review for housing projects

Would have required certain housing developments to be approved through an administrative review process, reducing opportunities for public input.

Common Interest Community (CIC) and HOA reform

Would have prohibited cities from requiring homeowners associations (HOAs) to manage shared spaces in new developments.

Elimination of minimum parking requirements

Would have prohibited cities from requiring a minimum number of on-site parking spaces for new residential developments.

Higher-density housing in residential districts

Would have required cities to allow duplexes, accessory dwelling units (ADUs), and townhomes in all residential zoning districts.

Limits on aesthetic and design standards

Would have restricted cities from enforcing design and aesthetic standards not included in the State Building Code and banned minimum unit size requirements. As amended, the provision applied only to developments with four or fewer units and required allowance for at least one street-facing entrance.

Mixed-use development near state-aid roads

Would have required cities to permit mixed-use development within residential areas located near state-aid roads.

Multifamily housing in commercial zones

Would have allowed multifamily and mixed-use buildings up to 75 feet tall in commercial zoning districts.

New flat-rate method for residential permit fees

Would have required the Minnesota Department of Labor and Industry to set a standardized cost-per-square-foot value for calculating residential building permit fees.

Zoning preemption for lot sizes and setbacks

Would have limited local zoning authority by mandating smaller minimum lot sizes and reduced setbacks for residential development, particularly for townhomes.

INFRASTRUCTURE & TRANSPORTATION

The Transportation Finance and Policy Omnibus bill ([Chapter 8](#)) produced mixed results for metro-area cities, with both funding cuts and policy changes affecting local and regional transportation systems. The Transportation Working Group considered a controversial proposal to shift half of metro counties' transportation sales tax revenue—approximately \$93 million—to the Metropolitan Council for bus rapid transit (BRT) projects. Strong opposition from counties and local stakeholders led to this provision being removed from the final bill.

The final bill met its \$115 million general fund reduction target for FY 2025-2027 largely by cutting transit funding, including a \$61.41 million cut to Metro Transit. The bill passed with bipartisan support in the House (78-55) and a narrow majority in the Senate (35-32).

Additional provisions of note:

- Adjustments to greenhouse gas assessment implementation

- Updates to the Corridors of Commerce program
- \$3 million for the Local Road Wetland Replacement Program (an additional \$5 million was provided in the bonding bill)
- A requirement for MnDOT to update its local cost participation policy
- Increased surcharges and a new electricity tax for EVs
- Payments to deputy registrars for processing no-fee transactions
- Changes to Metropolitan Council reporting requirements
- A study to evaluate shifting the Blue Line Extension from light rail to BRT

A full bill description is included in the Omnibus Bill Summary section. Below are highlights related to MLC's infrastructure and transportation priorities, including proposals that were considered but did not pass this session:

Corridors of Commerce appropriations and policy changes

The final transportation bill included both funding and policy updates to the Corridors of Commerce program. On the policy side, the bill eliminates the use of a rolling average when calculating regional funding allocations, allowing for a more current and responsive distribution of funds. It also directs MnDOT to recalculate regional allocations for the 2022–2023 project selection round, which could affect how previously selected projects are evaluated or funded.

The bill also establishes the following appropriations for the program:

- \$25,000,000 in FY26 and FY27 for the Corridors of Commerce
- Creates a base appropriation of \$20,000,000 in FY28 and FY29
- Establishes a base appropriation of \$25,000,000 in FY30 and each year thereafter

Greenhouse gas emissions assessment and mitigation requirements

Extends the availability of grants to metropolitan planning organizations (MPOs) for emissions modeling from fiscal year 2025 to 2026, providing additional time for local and regional planning efforts. The bill also broadened the scope of allowable offset projects used to meet greenhouse gas mitigation requirements for certain trunk highway projects. Newly eligible offset categories now include natural systems improvements and land acquisition for outdoor recreation and regional parks, offering greater flexibility in how emissions impacts can be addressed.

Transportation Economic Development (TED) infrastructure grant funding

\$1.5 million in the bonding bill appropriated to the Department of Employment and Economic Development for Transportation Economic Development Infrastructure.

DID NOT PASS

The following legislative proposals were not part of the final transportation and bonding bills:

Capital project replacement account requirements

During the 2025 legislative session, legislators revisited a proposal to require local governments and other recipients of state bonding money to set up dedicated accounts to help cover future maintenance and replacement costs for state-funded projects. Under the bill, [HF 2418/SF 2321](#) recipients would need to set aside funds regularly, based on things like the expected lifespan of the asset, projected upkeep costs, and inflation. They'd also need to adopt a policy explaining how the funds would be used and what would happen if the money wasn't needed right away.

The State Auditor would be allowed to check in on compliance, and there was a proposed penalty of up to 1% of the original state funding each year for not following the rules. While the bill moved through committee discussions, it didn't make it into the final bonding package, so for now, these requirements are on hold.

Regional sales tax diversion to Metropolitan Council

A proposal considered during the 2025 legislative session would have redirected approximately \$93 million in regional transportation sales tax revenue from metro-area counties to the Metropolitan Council for unspecified bus rapid transit (BRT) projects. This amount represented half of what counties expected to receive over the next two years under the 2023 legislation, which allocated 17% of the revenue to counties for local transportation priorities. The proposed diversion was ultimately not included in the final omnibus transportation budget, and counties retained their full share of the funding.

JOBs & ECONOMIC DEVELOPMENT

The 2025 Jobs, Labor, and Economic Development Omnibus bill ([Chapter 6](#)) maintains base funding for key workforce programs, including the Minnesota Investment Fund and the Jobs Skills Partnership. However, it enacts targeted cuts to the Redevelopment Grant program, Contaminated Site Cleanup Fund, and Job Creation Fund across the 2026–2029 biennia. The bill also establishes a Task Force on Workforce Development System Reform to strengthen state strategies and improve the allocation of workforce funding.

A full bill description is available in the Omnibus Bill Summary section. Below are highlights related to MLC's priorities in jobs and economic development:

- **Job Creation Fund:** \$10 million annually (a \$6 million reduction)
- **Minnesota Investment Fund:** \$24.7 million over the biennium (approximately \$12.37 million per year)
- **Redevelopment Grant Program:** \$2.5 million annually (a \$2 million reduction)

PUBLIC SAFETY

The 2025 legislative session included significant changes to public safety pension benefits in the Pensions Omnibus bill ([Chapter 37](#)). In addition, the Health and Human Services (HHS) Omnibus bill included significant emergency medical services (EMS) funding and policy provisions. Please see below for a summary of these changes.

Duty disability benefit reform

The 2025 Omnibus Pensions bill contains major updates to public pension benefits, duty disability insurance coverage, and retirement options for state public safety personnel. The bill includes significant changes to continued health insurance coverage under Minn. Stat. § 299A.465 for PERA Police & Fire duty disability retirees, aimed at improving plan sustainability and addressing Minnesota's high duty disability rates.

- **New 60-Month Limit:** For future recipients, coverage will end after 60 months, instead of continuing to age 65.

- **Grandfathering:** Current beneficiaries and those deemed totally and permanently disabled will retain full coverage to age 65.
- **Other Reforms:**
 - Eliminates employers' ability to challenge PERA disability determinations
 - Prohibits cash settlements in lieu of continued insurance
 - Ends § 299A.465 eligibility for retirements at age 55+

Other relevant public safety pension changes

- **PERA Police & Fire Plan:**
 - Adds a one-time 3% COLA in 2026, then 1% annually
 - COLA waiting period reduced from three years to two for new duty disability retirees
 - Estimated cost: \$17.7 million per year
- **Mental Health Treatment Access for Public Safety Employees:** Employees can now access mental health treatment without using paid leave.
- **Employer Reimbursement for Mental Health Treatment Costs:** Employers must cover treatment costs not paid by insurance and can seek reimbursement from DPS by August 1 annually. Some municipalities have expressed concern about the logistics of gathering timely information from employees to process reimbursements.

Office of Emergency Medical Services appropriations and policy changes

The Legislature approved a series of reforms aimed at stabilizing and strengthening Minnesota's emergency medical services (EMS) system, with a focus on addressing workforce and financial challenges, particularly in rural areas. The EMS training reimbursement program was updated to more effectively cover the full cost of initial and continuing education for emergency medical responders and EMTs.

To support ambulance services facing funding gaps, the bill establishes several new programs:

- **Rural EMS Uncompensated Care Pool Program:** Reimburse providers for emergency responses that are not covered by insurance or other payers.
- **Training and Staffing Grant Program:** Help ambulance services cover the costs of salaries and training for new EMTs, supporting workforce recruitment and retention.
- **Operating Deficit Grant Program:** Assist services experiencing persistent financial shortfalls.

A total of \$27.5 million was appropriated for the 2026–2027 biennium to fund these initiatives. The programs will be administered by the Minnesota Office of Emergency Medical Services and are intended to provide critical operational and workforce support to EMS providers across the state.

TAXES

The 2025 Omnibus Tax bill ([Chapter 13](#)) was relatively narrow in scope but included several provisions with direct implications for metro-area cities. While the bill maintained funding for Local Government Aid and allowed the local sales tax moratorium to expire, it did not adopt broader policy changes related to local sales tax authority or construction material exemptions. It also included targeted updates to tax increment financing (TIF) laws, new tools to support

affordable housing and land banks, and extended a key property tax exemption for Bloomington. The summary below outlines these and other provisions relevant to MLC cities.

Bloomington property tax exemption extension

Extends a property tax exemption for property owned by the Bloomington Port Authority that is being held for economic development purposes through 2031 (effective council approval).

Electricity sales tax exemption for data centers

Repeals electricity sales tax exemption for qualified/refurbished data centers.

Expanded abatement authority for land banks and affordable housing

Defines “land bank organization” as an entity that acquires, holds, or manages vacant, blighted, foreclosed, or tax-forfeited property for future development, redevelopment, or disposal. To qualify, it must be either a nonprofit with a government-appointed or elected governing board (whose members may be government officials) or an LLC wholly owned by such a nonprofit. Also permits local governments to abate property taxes on parcels designated for affordable housing development or held by a land bank organization for future development for up to five years; if such land is used for any other purpose before redevelopment, the land bank organization must repay the abatement with interest over the same duration. (effective post enactment)

Local sales tax moratorium expiration

Minnesota’s two-year moratorium on local-option sales tax proposals expired May 31, 2025. Although a House proposal (HF 2437) and related Senate discussions initially sought to extend the moratorium to June 30, 2026, those provisions were not included in the final tax legislation.

TIF flexibility and extensions

Extends the deadline of certain temporary tax increment financing by one year. Also grants special tax increment financing authority to several cities and modifies prior special tax increment financing authority for several cities, including:

- Bloomington
- Eden Prairie
- Edina
- Maple Grove
- Minnetonka
- Plymouth

DID NOT PASS

Construction materials sales tax exemption requests

The Senate and House discussed the sales tax exemption on construction materials purchased by local governments, but neither the general proposal nor individual projects were included in the final tax bill.

Local option sales tax bypass authority

The House and Senate proposed different local sales tax policies, with the Senate providing general authority and the House extending the moratorium. In the end there was no new general policy language, and the local sales tax moratorium ended on May 31, 2025.

Other Legislation of Interest That Passed in 2025

BONDING

The 2025 Capital Investment bills—the cash bill ([Chapter 14](#)) and General Obligation bill ([Chapter 15](#))—focus primarily on maintaining state-owned assets but include several provisions that support infrastructure and environmental needs in metro-area cities. While the bills do not contain direct appropriations for local projects, they include key investments in water infrastructure, local roads and bridges, and environmental mitigation programs. The cash bill does not include bonding for any non-profit organizations and is focused on grants for public safety projects, city skate parks, and public housing grants. In the GO bill, the legislature provides \$15 million for inflow and infiltration mitigation grants and additional funding for tree planting, wetland replacement, and economic development infrastructure. Below is a summary of key provisions related to MLC priorities. Comprehensive summaries of each bill can be found in the Omnibus Bills section.

Local public housing grants

\$2.439 million (cash bonding) to the Minnesota Housing Finance Authority for the local public housing program.

Local road improvement and local bridge replacement

The general obligation bonding bill includes:

- \$47 million to the Local Road Improvement Program
- \$31 million to the Local Bridge Replacement Account

CANNABIS

The 2025 Cannabis Policy bill ([Chapter 31](#)) makes significant updates to Minnesota's cannabis regulatory framework, following the 2023 legalization of adult-use cannabis. It outlines an implementation structure through the new Office of Cannabis Management, sets timelines for license rollouts, and includes provisions to support social equity applicants and protect medical cannabis patients.

The bill includes key clarifications and expanded authority:

- Cities holding a municipal cannabis retailer license are now also permitted to hold a lower-potency edible hemp retailer license—a change from previous law, which prohibited multiple licenses for a single entity.
- The law now clarifies that cities may issue a retail registration to cannabis businesses with preliminary license approval, providing more flexibility in the licensing process.

Additionally, the 2025 Omnibus Tax bill ([Chapter 13](#)) increases the cannabis gross receipts tax from 10% to 15% and repeals the cannabis aid program for local governments, eliminating the dedicated state funding that had previously supported local cannabis oversight.

ELECTIONS

The 2025 Legislature enacted a broad set of election law changes in the State and Local Government and Elections Policy and Finance bill ([Chapter 39](#)), with direct implications for city

election officials. Key updates affect absentee and early voting processes, election administration, voter registration, polling place requirements, cybersecurity planning, and election reporting timelines. Cities will be responsible for implementing new procedures related to absentee ballot security, expanded election judge duties, and chain-of-custody protocols for local elections. The legislation also modifies municipal election timelines and introduces new requirements for managing voter registration updates and special elections.

The summaries below highlight provisions most relevant to cities. Full details are available in the Omnibus Bills section.

Absentee and early voting

Several changes were made to absentee and early voting procedures:

- **Earlier Ballot Drop-off Deadline:** Absentee ballots must now be dropped off by 5 p.m. on Election Day (previously 8 p.m.).
- **Stricter ID Requirements:** Online absentee ballot applicants must provide both a driver's license number and the last four digits of their Social Security number, or certify if they only have one.
- **Voter Registration Updates:** Voters may now update their registration when submitting an absentee ballot, and instructions must be included with materials.
- **Mail Ballot Timeline Extended:** Mail ballot jurisdictions must send ballots at least **28 days before an election** (up from 14 days).
- **Ballot Security Protocols:** New procedures govern how ballots must be secured, removed, and documented each day during early voting.

Election judges and administration

- **New Oath Language:** The election judge oath now includes a pledge not to knowingly share false information or interfere with voting rights.
- **Party Balance Required:** Election judges at ballot counting locations must be balanced by party affiliation.
- **New Responsibilities:** Judges must assist voters with registration updates and record failed attempts due to insufficient documentation.

Election reporting and filing

- **Central Reporting System:** The Secretary of State will create a centralized system for reporting candidate filings, ballot questions, and unofficial results.
- **Filing Deadlines Adjusted:**
 - **For municipal and school district elections in November:** Filing period is now 112–98 days before the election (previously 98–84 days), effective January 1, 2026.
 - **Write-in candidates:** Must file 19 days before the general election (previously 7 days).
- **Clerical Notifications:** Local clerks must report candidate filings to ballot preparation officials within one business day of the deadline.

Polling places and election security

Changes were made to requirements related to polling places including:

- **Location Restrictions:** Polling places may not be located adjacent to sites where cannabis is sold or served.

- **Security Planning:**
 - **Counties** must create chain-of-custody plans covering physical and cybersecurity for elections.
 - **Cities** must develop or adopt compatible plans for local elections by June 1, 2026.
- **Public Notices:** New requirements govern notices of closed polling places or emergency location changes.

Special legislative elections

Filing periods for special legislative elections are now more structured:

- Align with regular general election filing periods when possible.
- If not feasible, filing periods must be at least 5 to 10 days (excluding holidays); 3 days if the Legislature is in session.
- The blackout window around holidays is shortened to 2 days before and after (previously 4).

Voter registration changes

General voter registration process changes were made including record requirements, synchronizing, voter registration and registration updating, postelection sampling, and statewide voter registration system checks.

- **Expanded Proof of Residence:** New options for students and residents of licensed facilities; staff must provide proof of employment to vouch.
- **Real-Time Updates:** Voters may update registrations using the same methods and timelines as for new registrations, including on Election Day.
- **Duplicate Check:** County auditors must review registration updates for potential duplicate voting if submitted close to Election Day.
- **Faster Data Access:** Public information lists must now be provided within 5 business days of a request (down from 10).

EMPLOYMENT & HUMAN RESOURCES

The 2025 Legislature approved several employment law changes affecting cities as public employers. Key updates include adjustments to Earned Sick and Safe Time (ESST), new requirements for rest and meal breaks, a reduction to the Paid Family and Medical Leave (PFML) premium cap, and an increase to the PERA General Plan COLA. Cities may need to update HR policies and payroll systems to comply.

Earned Sick & Safe Time (ESST) Modifications

Minnesota's ESST law has imposed significant administrative and operational burdens on healthcare providers, compounding ongoing staffing challenges. MNASCA advocated for practical changes to ease these pressures and safeguard patient care. The legislature adopted the following modifications to the law:

- Employers may establish “reasonable” notification policies for unforeseeable ESST use.
- Documentation can be requested after two consecutive days (reduced from three).
- Employees may voluntarily trade shifts while using ESST.
- Employers using projected accruals must reconcile with actual hours worked.

Labor standards for rest and meal breaks:

- Establishes a guaranteed minimum 15-minute paid rest break for every four hours worked, replacing the previous “adequate time” standard.
- Requires a 30-minute unpaid meal break for every six consecutive hours worked.
- Clarifies that employers are not obligated to pay for meal breaks, consistent with existing labor laws.
- Employees are entitled to two 15-minute rest breaks during an 8-hour shift, plus a 30-minute unpaid meal break for every 6 hours worked. Breaks must be offered but can be voluntarily waived by employees.
- Introduces legal remedies for employees denied proper rest or meal breaks, allowing recovery of the unpaid break time at the employee’s regular rate of pay.

Paid Family & Medical Leave (PFML) Premium Cap Reduction

While MNASCA joined other groups to advocate for changes to the 20-week leave requirement, and an exemption for employers who already offer generous PTO and PFL-type policies to employees, these changes were ultimately not included in the final package. The only change made to this program, which is effective January 1, 2026, is a reduction in the annual premium cap from 1.2% to 1.1% of taxable wages.

PERA General Plan: COLA increased from 1.5% to 1.75%. Estimated cost: \$2.3 million per year.

LOBBYING & OPEN MEETING LAW

The 2025 Legislature enacted changes to Minnesota’s lobbying and open meeting laws aimed at improving transparency, modernizing definitions, and easing participation requirements for public officials.

Lobbying reforms

Updates to Minnesota’s lobbying laws clarify who qualifies as a lobbyist and which activities must be reported. Key provisions include:

- **Expert Witness Disclosures:** A new definition of “expert witness” refers to individuals with specific training or experience who provide testimony. If a lobbyist directs an expert witness to communicate with public or local officials, it must be reported to the Campaign Finance Board—unless the communication occurs during a public meeting or is otherwise public.
- **Expanded Definition of Local Officials:** “Local official” now includes individuals who recommend, vote on, or make significant financial decisions on behalf of a local government, such as budget development, grant applications, funding awards, or tax incentive approvals.
- **Broader Scope of Lobbying Activities:** Lobbying now includes efforts to influence non-elected officials involved in major financial decisions. Routine administrative matters—like procurement, labor negotiations, or legal discussions—are excluded.
- **Campaign Finance Board Requirements:** The Campaign Finance and Public Disclosure Board must publish a new lobbying handbook to guide lobbyist compliance.
- **Sample Ballot Clarification:** Sample ballots must now be clearly labeled to avoid confusion with official election materials.

Open meeting law changes

MLC cities should be aware of these changes to the Open Meeting Law:

- **Remote Participation Flexibility:** The law removes the requirement that remote meeting participation must occur from a location “open and accessible to the public.”
- **Meeting Limit Removed:** The previous limit allowing only three remote meetings per year from a non-public location has been eliminated, allowing officials to participate remotely as needed.

Omnibus Bills

Cannabis Policy Bill

Regular Session S.F. 2370 – Senator Dibble/Representative Stephenson

Chapter 31

Effective Date: May 24, 2025

The 2025 Cannabis Policy bill introduces significant reforms to Minnesota's cannabis framework, addressing regulatory, medical, and equity considerations. Building on the 2023 legalization of adult-use cannabis, it establishes an implementation framework through the Office of Cannabis Management and details license rollouts to create a safe, well-regulated market. The bill also supports social equity applicants and enhances protections for medical cannabis patients.

Office of Cannabis Management & Regulatory Oversight

- Transfers full oversight of the state's medical cannabis program from Minnesota Department of Health (MDH) to Office of Cannabis Management (OCM) by March 1, 2025, including patient registration, manufacturer regulation, and product standards.
- Clarifies that the Office of Cannabis Management is a state agency with the authority to engage in government-to-government relations with Tribal Nations.
- Expands OCM's administrative flexibility to address business relocation, license transfers, and changes to business names or structures.

Medical Cannabis Program – Transition & Patient Access

- Expands eligibility for certifying medical cannabis patients to include physician assistants and advanced practice registered nurses, broadening patient access.
- Allows designated caregivers to cultivate up to eight plants for patients and—if over 21—an additional eight plants for personal use.
- Requires patients to notify OCM when assigning cultivation responsibilities to a caregiver and prohibits dual cultivation in those cases.
- Recognizes Tribal medical cannabis programs, allowing Minnesota patients enrolled in Tribal programs to access medical cannabis from state-licensed manufacturers.

Hemp-Derived Products & Low-Potency Edibles

- Creates a new license type for lower-potency hemp edible wholesalers, expanding supply chain options for compliant product distribution.
- Allows Minnesota manufacturers to export hemp products that do not meet in-state requirements, as long as they comply with the laws of the destination state.
- Clarifies that hemp-derived cannabinoid products may not be marketed for use on nonintact skin or mucous membranes, but allows sublingual (under-the-tongue) use.
- Updates edible beverage rules to allow a beverage with up to 10 milligrams of THC to be labeled as a single serving, removing the two-serving label requirement.

Licensing, Social Equity, and Business Operations

- Expands social equity eligibility to include individuals with adjudicated (not just convicted) cannabis-related offenses.
- Allows cannabis vendors to provide samples at licensed cannabis events, subject to OCM approval and safety standards.
- Permits cannabis testing facilities to begin testing operations while actively seeking accreditation, improving laboratory access during early implementation.
- Authorizes local governments to issue provisional retail registrations to cannabis businesses with preliminary state approval, enabling early local oversight.
- Permits municipal liquor stores to hold separate licenses to sell lower-potency hemp edibles, aligning municipal retail operations with state law.

Criminal Justice and Expungement

- Clarifies expungement and resentencing procedures for felony cannabis offenses under the state's Clean Slate framework.

Capital Investment (Cash Bill)

Special Session H.F. 17 – Representative Lee, F./Senator Pappas

Chapter 14

Effective Date: Various

The House and Senate had very limited targets for cash bonding. The House included \$10 million in the first biennium, and the Senate did not include any money for cash bonding in their target. The final package net total impact on the general fund was \$6.5 million. This bill looks different from recent cash bonding bills, which have included direct appropriations to non-profit organizations across the state. Unlike recent years, this bill did not include any non-profit organizations and was focused on grants for public safety projects, city skate parks, and public housing grants. The bill received bipartisan support in the House and Senate.

Projects Included in the Bill:

- \$1,000,000 for law enforcement emergency entry device grants for schools.
- \$325,000 to replace the statue of Henry Mower Rice in the Statutory Hall in the United States Capitol with a statue of Hubert H. Humphry.
- \$1,000,000 for the Capitol Area Economic Development Grant Program.
- \$500,000 to the Commissioner of Public Safety for the Public Safety Officer Hearing Protection Program.
- \$1,000,000 for the Center for Communication and Development's investment and expansion in the city of Minneapolis.
- \$3,500,000 to the Public Facilities Authority for a grant to the First District Association, a dairy cooperative in Litchfield.
- \$2,439,000 to the Minnesota Housing Finance Authority for the local public housing program.
- \$750,000 for the Minnesota Transportation Museum.
- Shifts prior funding to the Amateur Sports Commission to the Department of Employment and Economic Development to fund skate parks.

Capital Investment (General Obligations Bonding Bill)

Special Session H.F. 18 – Representative Franson/Senator Pappas

Chapter 15

Effective Date: Various

This year's bonding bill was smaller than bonding bills passed in recent years. The debt capacity allowed for a \$700 million bonding bill. The bill did not include any local projects and instead focused on state asset preservation, clean water, and local road improvements. The policy provisions included in the bill were limited to establishing the various programs that are funded by the bill including the statewide drinking water contamination mitigation program, emerging contaminants grant program, and the cooperative manufactured housing infrastructure grant program. Like most years, the bonding bill was the last bill to pass during the special session. Although some feared that omitting local projects might jeopardize its passage, the bill received overwhelming support, passing the House 116–15 and the Senate 57–10.

Projects Included in the Project:

- \$60,000,000 to the University of Minnesota
- \$84,000,000 to Minnesota State Colleges and Universities
- \$750,000 for Mary C. Murphy library construction grants.
- \$1,000,000 to Minnesota State Academies
- \$1,260,000 to the Perpich Center for Arts Education
- \$44,000,000 to the Department of Natural Resources for:
 - \$33,000,000 for natural resources Asset preservation
 - \$1,000,000 to increase accessibility improvements at state parks, recreation areas, and wildlife management areas.
 - \$9,000,000 for flood hazard mitigation grants
 - \$1,000,000 for reforestation of state lands
- \$12,000,000 to the Pollution Control Agency
 - \$6,000,000 for statewide contamination mitigation programs
 - \$6,000,000 for capital assistance
- \$5,000,000 Board of Water and Soil Resources
- \$13,740,000 for the Minnesota Zoo
- \$11,500,000 to the Department of Administration for improvements to the Capitol Complex
- \$6,000,000 for the Amateur Sports Commission
 - \$5,000,000 for improvements to the National Sports Center in Blaine.
 - \$1,000,000 for grants to local governments to acquire ice resurfacing or edging equipment.
- \$67,000,000 to equip a new Bureau of Criminal Apprehension regional office and laboratory facility in Mankato.
- \$80,000,000 to the Department of Transportation
 - \$47,000,000 to the Local Road Improvement Program
 - \$31,000,000 to the Local Bridge Replacement Account
 - \$1,000,000 for Highway Rail Grade Crossings
 - \$1,000,000 for Minnesota Rail Service Improvement Program
- \$16,000,000 to the Met Council
 - \$15,000,000 for inflow and infiltration grants
 - \$1,000,000 for community tree-planting grants

- \$62,500,000 Direct Care and Treatment
 - \$7,500,000 for Asset Preservation
 - \$55,000,000 for the Miller Building replacement to equip a 50-bed psychiatric residential treatment facility
- \$1,000,000 to the Department of Children, Youth, and Families for grants for childhood learning facilities.
- \$7,500,000 for improvements to veterans' homes.
- \$40,400,000 to the Department of Corrections
 - \$33,000,000 for Asset Preservation
 - \$7,400,000 for the Minnesota Correctional Facility – Lino Lakes
- \$3,000,000 to the Department of Employment and Economic Development for Greater Minnesota Business Development Public Infrastructure and Transportation Economic Development Infrastructure.
- \$176,000,000 for the Public Facilities Authority
- \$29,000,000 to the Minnesota Housing Finance Authority for public housing rehabilitation and cooperative manufactured housing infrastructure.
- \$5,000,000 to the Minnesota Historical Society for historic site asset preservation and county and local preservation grants.

Data Center Bill

Special Session H.F. 16 Representative Davids/Senator Pappas

Chapter 12

Effective Date: Various

One of the session's most prominent debates centered around the legislature's approach to data center regulation and taxation. Proponents of data centers wanted to find ways to incentivize more data centers to come to Minnesota, some viewed data centers as an opportunity for additional income and jobs for the state, other legislators shared concerns about the impact data centers could have on the state's water supply and energy grid. The final data center bill established fees for data centers energy use, set up permitting processes for data centers using more than 100 million gallons of water, and requires each public utility to offer a clean energy and capacity tariff for commercial and industrial customers. The final bill received bipartisan support and bipartisan opposition in both the House and Senate.

Data Center Permitting Policy

- Clarifies that it is the policy of the state that inquiries related to permitting a data center are referred to the Minnesota Business First Stop Program at DEED.
- Allows the commissioner to request preapplication information for a data center whose proposed consumption exceeds 100,000,000 gallons of water per year.
- When issuing a permit to a data center with water consumption to exceed 100,000,000 gallons of water per year the Department must ensure that:
 - Public health, safety, and welfare are adequately protected;
 - Technologies or measures that promote water conservation, the efficient use of water and watershed health are reasonably considered; and
 - Water use conflicts are addressed.

Other Data Center Policy

- By December 16, 2025, the Public Utilities Commission must establish the definition and appropriate characteristics of a very large customer class or subclass for each public utility providing electricity service.
 - Allows the Commission to approve, modify, or reject a tariff or electric service agreement proposed between a public utility and a very large customer establishing the terms and conditions under which the utility will provide electric service to the customer.
- Requires the Commission to require each public utility to offer a clean energy and capacity tariff for commercial and industrial customers.
- Requires the Commissioner to collect an annual fee from the qualified large-scale data center. The fee is based on the qualified large-scale data center's peak demand the utility arranges to serve, reflecting the qualified large-scale data center's peak demand forecast provided to the utility expressed in megawatts (MW) as follows:
 - 100 to 250 MW \$2,000,000
 - 251-459 MW \$3,000,000
 - 500-750 MW \$4,000,000
 - 750 + MW \$5,000,000
- The money collected from the fee on qualified large-scale data centers is to be placed in the energy and conservation account.
- Makes the purchase of enterprise information technology equipment and computer software for use in a qualified large-scale data center tax exempt.
 - Defines qualified large-scale data center as a facility that is at least 25,000 square feet or more; and
 - For which the total cost of construction, investment in information technology equipment, or computer software is at least \$250,000,000 within a 60-month period beginning after June 30, 2025.
 - The exemption may be claimed within 35 years of the date of its first purchase.

Health and Human Services Omnibus Bill (EMS and Housing only)

Special Session H.F. 2 – Representative Bierman/Senator Wiklund

Chapter 3

Effective Date: Various

The 2025 Health and Human Services Omnibus Bill was passed during special session and includes appropriations and policy changes across the Departments of Health, Human Services, and Children, Youth, and Families. The bill was worked on extensively during regular session but hit several sticking points, including MinnesotaCare coverage for undocumented Minnesotans, that necessitated leadership-level negotiations and a compromise during special session.

The final bill increases fees for health licensing and facility regulation, expands Medicaid (MA) coverage for certain services, and establishes a single pharmacy benefit administrator for public programs. The bill includes new grant programs for emergency medical services, food access, and housing support. It also updates child welfare and early learning statutes, expands eligibility for mental health services, and strengthens oversight of hospital operations, facility fees, and provider licensing.

Office of Emergency Medical Services

- Modifies the existing reimbursement program for EMS training to better support the cost of initial and continuing education for emergency medical responders and EMTs.
- Establishes a Rural EMS Uncompensated Care Pool Program to reimburse ambulance services for emergency responses that are not reimbursed from other sources.
- Creates a new training and staffing grant program for ambulance services, supporting salary and training costs for new EMTs.
- Establishes an operating deficit grant program to assist ambulance services with persistent financial shortfalls.

Homelessness, Housing, and Housing Support

- Modifies the Minnesota Supplemental Aid (MSA) equivalent rate adjustment formula under the Housing Support program.
- Creates a Family Supportive Housing Grant Program to help families with children maintain stable housing.
- Directs DHS to seek federal approval to allow MA reimbursement for housing services delivered by Indian Health Services and Tribal-run facilities.

Housing and Homelessness Prevention Bill

Regular Session S.F. 2298 – Senator Port/ Representative Igo

Chapter 32

Effective Date: Various

The 2025 Omnibus Housing and Homelessness Prevention Bill provides \$261.62 million in General Fund appropriations for FY 2026–27, of which \$77.672 million is dedicated to debt service on housing infrastructure bonds, and authorizes an additional \$50 million in bonds to support a wide array of housing programs. The law funds affordable housing loans and grants, rental assistance, homelessness prevention, manufactured-home-park infrastructure improvements, workforce housing, homeownership initiatives and down-payment aid for first-generation buyers. It expands bond eligibility to adaptive reuse projects such as converting vacant schools and waives recording fees for removing discriminatory racial covenants.

The Minnesota Housing Finance Agency is charged with developing a stabilization strategy for regulated affordable housing and submitting biennial asset-portfolio health reports, and a task force will address housing access for people with disabilities. Instead of enacting proposed zoning reforms, the bill awards competitive-grant bonus points to jurisdictions that permit multifamily housing in commercial zones, allow accessory dwelling units, reduce parking requirements and offer density bonuses for affordable housing.

General Appropriations

Several appropriations include one-time funds while other programs have established base funding for FY 2028 and beyond. The law builds flexibility for reallocation to meet urgent or high-priority housing needs. Focus areas include affordable housing, homelessness prevention, mental health support, homeownership equity, and infrastructure improvements.

Housing Finance Agency Appropriations

- Total appropriations: \$101,148,000 in FY26 and \$82,798,000 in FY27
 - \$14,925,000 in FY26 and \$12,925,000 in FY27 for the Challenge Program
 - \$2,000,000 in FY26 and FY27 for Workforce Housing Development
 - \$1,000,000 in FY26 and FY27 for Manufactured Home Park Infrastructure Grants
 - \$2,250,000 in FY26 and \$250,000 in FY27 for the Workforce Homeownership Program
 - \$23,000,000 in FY26 and FY27 for the Rent Assistance Program
 - \$11,646,000 in FY26 and FY27 for a deposit in the Housing Trust Fund Account
 - \$2,750,000 in FY26 and FY27 for Homework Starts with Home
 - \$5,338,000 in FY26 and FY27 for rental assistance for persons with mental illness
 - \$18,619,000 in FY26 and \$10,269,000 in FY27 for Family Homeless Prevention
 - \$2,885,000 in FY26 and \$885,000 in FY27 for the Home Ownership Assistance Fund
 - \$4,218,000 in FY26 and FY27 for the Affordable Rental Investment Fund
 - \$2,772,000 in FY26 and FY27 for Owner-Occupied Housing Rehabilitation
 - \$3,743,000 in FY26 and FY27 for rehabilitation of eligible rental housing
 - \$857,000 in FY26 and FY27 for Homeownership Education, Counseling, and Training
 - \$645,000 in FY26 and FY27 for capacity building grants
 - \$500,000 in FY26 and FY27 to Build Wealth Minnesota
 - \$2,000,000 in FY26 for the Greater Minnesota Housing Infrastructure Grant Program
 - \$2,000,000 in FY26 for the Community-Based First-Generation Homebuyers Down Payment Assistance

Transferable Funding

Allows shifting of funds in FY 2027 between certain programs to address urgent needs.

Programs eligible for transfers include:

- Challenge Program
- Workforce Housing Development
- Manufactured Home Park Infrastructure Grants
- Workforce Homeownership Program
- Affordable Rental Investment Fund
- Owner-Occupied Housing Rehabilitation
- Rental Housing Rehabilitation

Community Stabilization Funding Adjustment:

Modifies Community Stabilization funding appropriated in the 2023 session by reducing the FY 2027 appropriation from \$70 million to \$68 million. Subdivision 29 b(4) specifies that the \$2 million reduction impacts Community Stabilization funding for single family housing, providing \$8 million for this purpose instead of the \$10 appropriated in 2023.

Housing Infrastructure Bonds

- Authorizes the Minnesota Housing Finance Agency to issue up to \$50 million in housing infrastructure bonds in addition to previously authorized amounts.
- Creates a funding mechanism similar to prior bond series: beginning July 15, 2027, and continuing through 2048, the Commissioner of Management and Budget must annually transfer the certified amount needed to cover the debt service on these bonds from the general fund to the Housing Infrastructure Bond Account. Transfers are automatically appropriated.

Housing Policy Provisions

- Requires the agency to include information about available tax credits and notice requirements related to manufactured home park sales in the annual letter to park owners and allows inclusion of additional programs and resources for residents and owners.
- Adds counties and cities that allocate low-income housing tax credits to the wage-theft prevention and responsible-contractor provisions and corrects technical errors relating to multifamily housing.
- Directs MHFA to publish and promote educational materials on Minnesota landlord and tenant rights and responsibilities, including the eviction-action notice statement.
- Requires households to recertify income each year to determine eligibility and award amounts for rent assistance.
- Empowers the commissioner to establish a formula for rent-assistance awards and to reallocate unused funds among program administrators.
- Adds contract-alternative and Tribal contract schools to the list of eligible recipients under the Economic Development and Housing Challenge Program.
- Allows nonprofits contracted by schools, educational cooperatives, or charter schools to receive grants under the program.
- Explicitly authorizes adaptive reuse projects (i.e., supportive housing, senior housing, single-family housing, and deeply affordable housing) under housing infrastructure bonds.
- Permits the First-Generation Homebuyer Fund program administrator to retain recovered funds from borrowers after three years for continued use in the first-generation homebuyer assistance program.
- Mandates that local housing trust fund grants be expended within five years.
- Updates eligibility to 100 percent of the statewide median income for the Homebuyer Program, raises the maximum assistance to 10 percent of the median home sales price beginning in FY 2027, and allows retention of recaptured funds.
- Permits loans under the High-Rise Sprinkler Grant Program and expands eligible buildings to those seven stories or more serving households at or below 60 percent of area median income.
- MHFA through December 31, 2029, to award up to 5 percent of scoring points to Competitive Development projects in jurisdictions that have adopted specified zoning or development-policy reforms.
- MHFA to convene stakeholders and develop a preservation framework addressing distressed properties, financing, operations, tenant protections, and recommended statutory changes, with a report due February 15, 2026.
- Requires biennial reports (by March 31, 2026, and March 31, 2027) to housing committees on MHFA asset portfolio detailing each property's operating-expense-to-revenue ratio and summary of tenant receivables.

- Requires MHFA to report by February 15, 2026, on progress and needs related to affordable, accessible housing for people with disabilities under the state's Olmstead Plan.
- Housing and redevelopment authorities (HRAs) are now “local governments” for establishing/managing housing trust funds or joining regional funds.
- Program income from the Local Affordable Housing Aid Program must be reinvested in qualifying affordable-housing projects.
- Tier I cities/counties must spend Local Government Aid on qualifying housing by deadline—or transfer funds to an affordable-housing trust fund; program income likewise must be reinvested.
- Landlord Heating Standards - rental units must be kept at a minimum of 68 °F in all habitable areas from October 1 through April 30.
- Tenant-information confidentiality requirements override any prior releases.
- Specifies which code violations require tenants to provide written notice before placing rent into escrow.
- Pre-Lawsuit Notice Requirements - lists violations for which tenants or housing organizations must give landlords 14 days’ written notice before legal action.
- No-Cost Covenant Discharge - owners may record the form to discharge discriminatory restrictive covenants at no recording fee.
- Protections in new leases apply to those signed on/after January 1, 2024; starting January 1, 2026, they also apply to renewed or month-to-month rentals.
- Housing Cooperative Law Delay - implementation of the cooperative-housing statute is postponed from August 1, 2025, to August 1, 2026.
- Allows agencies to require Davis-Bacon carpenter wage rates on wood-frame residential projects using only LIHTCs (\leq six stories).
- Requires the Commissioner of Management and Budget on HUD repositioning options for public-housing authorities and bond-funding eligibility.

Jobs and Labor Omnibus Budget Bill

Special Session S.F. 17 – Senator Champion/Representative Baker/Representative Pinto

Chapter 6

Effective Date: Various

The 2025 Jobs and Labor Omnibus Budget Bill, passed during special session, makes targeted investments to strengthen Minnesota’s workforce, expand economic opportunity, and modernize labor protections. While much of the bill was negotiated during regular session, key items, including determination of changes to noncompete provisions, were not resolved until special session negotiations.

The bill funds core DEED programs, such as the Minnesota Investment Fund, Job Creation Fund, and Pathways to Prosperity, while supporting childcare, redevelopment, and youth employment. The bill also reduces the annual premium cap for paid family and medical leave program from 1.2% to 1.1% of taxable wages, and it enacts labor standards for rest and meal breaks.

DEED Appropriations

Total appropriations to Department of Employment and Economic Development (DEED):

- FY 2026: \$200.425 million
 - General Fund: \$40.544 million
 - Workforce Development: \$66.569 million
- FY 2027: \$156.201 million
 - General Fund: \$87.024 million
 - Workforce Development: \$63.477 million
- Business and Community Programs:
 - Greater MN Business Development Public Infrastructure: \$2.287M/year
 - Small Business Assistance Partnerships: \$2.72M/year
 - Contaminated Site Cleanup Grants: \$1.772M/year
 - Child Care Economic Development Grants: \$1.5M/year
 - Minnesota Job Creation Fund: \$4.9M/year
 - Minnesota Investment Fund: \$12.37M/year
 - Redevelopment Program: \$1.246M/year
 - Minnesota Job Skills Partnership: \$4.195M/year
 - Jobs Training Grants: \$1.35M/year
 - PROMISE Grant Program: \$5.523M/year
- Workforce Development Programs:
 - Pathways to Prosperity Grants: \$9.15M/year
 - Southeast Asian Community Grants: \$1M/year
 - Job Support Services Grants: \$1.75M/year
 - Minnesota Youth Program: \$4.05M/year
 - FATHER Project: \$750,000/year
 - Sanneh Foundation: \$500,000/year
 - Abijah's on the Backside: \$200,000/year
 - 30,000 Feet: \$125,000/year
 - STEM Ecosystem: \$1.5M
 - Drive for Five: \$6M/year
 - Competitive grant program: \$3.375M/year
 - Trade association grants: \$1.5M/year
 - Business services grants: \$1.125M/year
- Vocational Rehabilitation:
 - FY 2026: \$44,191,000
 - FY 2027: \$44,191,000
- Paid Leave:
 - FY 2026: \$40,544,000
 - FY 2027: \$5,000,000
- Explore Minnesota:
 - FY 2026: \$23,652,000
 - FY 2027: \$18,108,000
- Public Facilities Authority: \$3M in FY 2026 for lead service line replacement grants

Labor and Industry Agencies Funding

- Department of Labor and Industry: \$55.144M in FY2026; \$54.026M in FY2027
- Worker's Compensation: \$34.776M in FY2026; \$34.652M in FY2027
- Workforce Development: \$11.739M in FY2026; \$11.239M in FY2027

Appropriation Modifications

- Makes technical updates to 2023 budget language to clarify and streamline appropriation riders related to the Minnesota Expanding Opportunity Program and PROMISE Act.
- Extends the availability of employment and training grants, including a targeted program in Ramsey County and a Youthprise-led initiative.
- Eliminates federal matching requirements and extends availability of Forward Fund appropriations to June 30, 2030, to allow more flexibility in economic development investments.
- Extends a 2023 grant to the City of Minneapolis to support workforce initiatives and economic opportunity through June 30, 2027.
- Modifies a 2024 appropriation to Arrowhead Economic Opportunity Agency to create a revolving fund for rehabilitation of tax-forfeited properties into workforce housing.
- Redirects funding originally for Explore Minnesota to the Minnesota Humanities Center; extends availability to June 30, 2026.
- Exempts a DEED-funded hospitality industry training program from unnecessary reporting requirements to streamline program implementation.

Employment and Economic Development Policy

- Supports expansion of the Greater Minnesota Business Development Infrastructure Program to include agricultural processing projects involving plants and plant-based products.
- Strengthens CanStartup loan enhancements by increasing loan caps from \$50,000 to \$75,000 (or \$200,000 if matched) and requiring DEED to respond to loan applications within 30 days.
- Sets fees in lieu of interest at the Wall Street Journal prime rate, defines eligible administrative costs, and mandates biannual public reporting of interest rates.
- Shifts the Minnesota Expanding Opportunity Fund structure by converting the program's revolving loan fund into a dedicated special revenue fund.
- Strips the provision allowing Forward Fund dollars to be used to meet federal matching requirements.
- Starts an Office of Public Service within DEED to promote public service careers and partnerships with programs like ServeMinnesota and requires biennial legislative reporting.
- Sanctions DEED Board designee appointments by permitting the DEED commissioner to appoint a designee to serve on the Job Skills Partnership Board.
- Scales up Partnership and Pathways grant caps to \$500,000 and allows colleges to recover indirect costs up to 30% (excluding equipment).
- Strengthens labor-force participation consideration by adding county labor-force participation rates to DEED's grant-funding prioritization criteria.
- Supports Youth-at-Work program expansion by adding mentoring and preemployment services as eligible uses for Youth-at-Work funding.
- Reduces the number of required members on the Workforce Development Board.
- Suspends cannabis-training grants to individuals, shifting the program's focus to organizations.
- Streamlines credential definitions by updating "credential" to include non-postsecondary degrees and repealing the outdated "net impact" definition.
- Clarifies grantee reporting requirements by mandating that grant recipients report fund usage with additional detail on outcomes.

- Authorizing DEED to withhold payments from grantees that fail to provide required reports.
- Creates the Emerging Entrepreneur Program fund as a special revenue account for grants to emerging entrepreneurs, replacing the revolving-loan model.
- Specifies governance clarifications for Explore Minnesota, expanding its mission to include film, outdoor recreation, and livability promotion.
- Simplifies vending-facility terminology by modernizing language in laws governing State Services for the Blind.
- Strengthens UI-misrepresentation penalties by doubling the financial penalty for fraudulently obtained unemployment benefits from 50% to 100%.
- Scales down paid-leave premium caps by lowering the annual premium rate for Minnesota's paid family and medical leave program from 1.2% to 1.1% of taxable wages.
- Reduces community-wealth loan minimum sizes for community-wealth-building projects from \$50,000 to \$10,000.
- Strengthens PROMISE Program reforms by expanding eligibility, raising loan and grant caps, defining terms, and prohibiting speculative use of repaid funds.
- Grants an additional 26 weeks of UI benefits to laid-off workers in the iron-mining industry.
- Establishes a Community Violence Prevention Program as a year-round job-training initiative for at-risk youth and adults, with clear reporting standards.
- Creates the Workforce Development System Task Force by establishing a group to review and reform Minnesota's workforce development strategy, with a final report due January 15, 2027.
- Renames "small business growth acceleration program" to "Made in Minnesota program"
- Strikes redundant reporting requirements by eliminating two DEED reporting mandates: the economic development inventory and net impact analysis.

Labor and Industry Policy

- Establishes reasonable timelines for rest breaks for employees.
- Provides legal remedies and enforcement provisions for employees denied proper rest breaks.
- Mandates employer offered 30-minute unpaid meal break for every six consecutive hours worked.
- Empowers the commissioner to seek court orders to stop repeated or serious violations of labor law.
- Clarifies definitions to ensure state-regulated nursing homes are covered under workforce standards laws.
- Directs DLI, DEED, and Revenue to report on fiscal and worker impacts of misclassification every six years.
- Allows employers to set "reasonable" notification policies for unforeseeable uses of earned sick and safe time.
- Permits employers to request documentation after two days of consecutive ESST, down from three
- Clarifies that employees may voluntarily trade shifts when using earned sick and safe time.

- Requires employers using projected ESST accruals to reconcile with actual hours worked.
- Establishes a DLI fee structure for modular housing inspection and review.
- Adds a \$10 fee for remote inspections of stairway lifts and similar devices.
- Raises annual operating permit fees for elevators from \$100 to \$145.
- Updates electrical code references and clarifies low-voltage licensing rules.
- Creates new fee schedules for electrical inspections and permits and updates existing rules.
- Requires DLI to delegate plumbing inspections for well contractors to the Department of Health.
- Updates the fee structure for plumbing plan reviews and audits.

Omnibus Pensions Bill

Regular Session S.F. 2884 – Senator Frent/Representative Lillie

[Chapter 37](#)

Effective Date: Various

The two main areas of investment for the 2025 Pension bill included PERA Police and Fire and MSRS State Patrol Plan and the Teachers Pension Plan. The legislation also included administrative changes requested by the plans, firefighter relief associations, State Auditor's Fire Relief Working Group, and a study group for a new pension plan for probation and 911 telecommunicators.

Final Global Budget Target

FY2025-2027	\$80M	FY2028-2029	\$80M
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Probation and 911 Telecommunication Workgroup

A workgroup led by the Legislative Pension Commission will convene stakeholders outlined in legislation to provide recommendations for a pension plan to be administered by PERA and MSRS for probation officers and 911 telecommunicators. The Commission must receive participants by June 14, 2025, and convene its first meeting before August 1, 2025, and provide a final report by January 15, 2026.

MSRS Correctional Plan Eligibility Work Group

The 2024 Pension and Retirement Policy and Supplemental Budget bill (2024 Omnibus Pension bill) required Commission staff to convene a work group consisting of the representatives from the Department of Corrections, Department of Human Services, MSRS, and employee organizations to recommend legislation amending the statutes applicable to eligibility for the MSRS Correctional State Employees Retirement (MSRS Correctional Plan) and correct the deficiencies in the process under the current law for adding employees and positions to coverage by the Correctional Plan. The work group met during the interim between the 2025 and 2025 legislative sessions. The legislation recommended by the work group substantially revises the list of employment positions eligible for the MSRS Correctional Plan and the process by which employee positions are added to the lists and by which employees are determined as having the requisite 75% direct contact with incarcerated persons, patients, and clients and therefore entitled to retirement coverage by the Plan.

Police and Fire Plan Changes

Direct state aid to PERA PF/State Patrol Plan to pay for:

- Reduced the waiting period by one year to receive an initial Cost-Of-Living Adjustment (COLA) from three years to two years
- A 2% base adjustment, which results in a total of 3% COLA increase on January 1, 2026
 - 2% Base Adjustment + 1% COLA = 3%
 - 1% COLA continues January 1, 2027, but the base remains at 3%

Direct state aid to MSRS State Patrol Plan to pay for:

- A 1.25% fixed COLA increase
 - Increase from a current 1% fixed COLA to a 1.25% ongoing COLA January 1, 2026

Duty Disability changes include reforms that include, on a prospective basis:

- Cap Continuation of Health Insurance Coverage for total and permanent duty disability at 5 years, with employers unable to contest continuation of health insurance once PERA makes the duty disability determination.
- Eliminates the ability to monetize or cash out Continuation of Health Insurance Coverage, must use it or waive it.
- Prevents employers from requiring employees to use their earned benefit time (sick, leave, vacation) while receiving treatment related to PTSD.
- Allows employees to receive treatment for PTSD while working full duty, a modified assignment, or when completely off work.
- End the ability for a member with 20 years of service and over 55 to be eligible for Continuation of Health Care Coverage.
- MSRS Correctional Plan Eligibility Work Group.

Teachers

- Makes two changes to the subsidized early retirement benefit available to members who reach age 62 with 30 years of service:
 - Eligibility for the benefit is expanded from age 62 with 30 years of service to age 60 with 30 years of service;
 - The percentage by which a member's age 65 retirement annuity is reduced is decreased from 6% to 5% for each year that the annuity starting date precedes the normal retirement age of 65. As under current law, this percentage is further reduced by "augmentation" of 2.5% or 3%, depending on whether the teacher started employment after or before June 30, 2006, respectively, resulting in an actual reduction of either 2.5% or 2% for each year that the annuity starting date precedes age 65.
 - The cost of this benefit improvement is partially funded by an increase in the employer contribution rate, which in turn is funded through the pension adjustment revenue and an appropriation.
- Increases the pension adjustment revenue by 0.31%, from 2.0% to 2.31%, for fiscal year 2026 and later, for all school districts except for St. Paul, effective for revenue in fiscal years 2026 and later.
- Increases employer contributions to TRA by 0.31%, from 9.5% to 9.81% for each coordinated member, and from 13.5% to 13.81% for each basic member ("basic" members do not receive a Social Security benefit based on their teaching service). This

matches the increase in the pension adjustment revenue, which is intended to fund the increased employer contributions.

- Lowers the age of eligibility for the early retirement reduction for members age 62 with 30 years of service from age 62 to age 60 and reducing the reduction percentage from 6% to 5% (which is further reduced by the 2.5% or 3% augmentation under current law). This change means that if a member has reached age 60 (instead of 62) with 30 years of service, the member's normal retirement benefit is reduced by 2 or 2.5% for each year that the annuity starting date precedes the normal retirement age of 65.
- Deletes the exceptions to the delay in receiving a first COLA required by paragraph (d). Paragraph (d) delays the start of COLAs for members who retire on or after July 1, 2024, until the member reaches the normal retirement age of 65. This means that if a member elects to take early retirement and begins to draw down a pension before age 65, the monthly amount will not increase by a cost-of-living adjustment until the member reaches age 65. Paragraph (e) provides an exception from the COLA delay for members who retire early using the Rule of 90 or the age 62 with 30 years of service early retirement reduction under current law. By deleting paragraph (e), these exceptions no longer apply, with the result that all members who elect to begin drawing down a pension before age 65 will not receive a first COLA until age 65, effective June 30, 2025.
- Appropriates money from the general fund to various state agencies to fund the pension adjustment revenue and the increased employer contributions in the bill and include:
 - \$4,000 in each of 2026 and 2027 to Department of Education
 - \$17,000 in each of 2026 and 2027 to Minnesota State Academies
 - \$5,000 in each of 2026 and 2027 to Perpich Center for the Arts
 - \$543,000 in each of 2026 and 2027 to the Board of Trustees of the Minnesota State Colleges and Universities
 - \$17,098,000 in 2026 and \$19,711,000 in 2027 to the Department of Education for K-12

MSRS Changes

- Increases the multiplier used to calculate the retirement annuity for members of the MSRS General State Employees Retirement Plan (MSRS General Plan) from 1.7% to 1.9% percent. The multiplier of 1.9% applies to years of service earned after June 30, 2025.
- Increases the postretirement adjustment (COLA) from 1.5% to 1.75% for the MSRS General Plan, Legislators Retirement Plan, and Unclassified Employees Retirement Program beginning January 1, 2026.
- Amends two statutes that inadvertently did not include the MSRS Correctional Employee Retirement Plan and the General Plan that impact refunds and deferred annuities.

PERA Changes

- Administrative changes to the plan that include items related refunds, duty disability, and timing of benefit of election.
- Requires an employer to contribute an additional 1% salary for each coordinated member until the PERA General Plan is 100% funded. Reduces the funded ratio threshold from 100% to 98% and when assets equal or exceed 98% of the plan's actuarial accrued liability, the 1% additional employer contribution is repealed.
- Increases the maximum COLA for the PERA General Plan to 1% unless the Social Security COLA is greater than 1%, in which case the COLA is the same as the Social

Security COLA, not to exceed 1.75%. There is also an automatic decrease to the COLA maximum in effect on January 1, from 1.75% to 1.5% if the funded status for the PERA General Plan declines to either of the following:

- 85% or less in the most recent two consecutive annual actuarial valuations; or
- 80% or less in the most recent annual actuarial valuation
- Effective for postretirement adjustments beginning on or after January 1, 2026.
- Allows local government officials, physicians, ambulance service and rescue squad personnel, city managers, and certain other categories of local government employees to be eligible to elect to participate in the Defined Contribution Plan. The changes which were proposed by PERA, are administrative in nature, clarify the time period during which an individual may elect to participate, generally, within 30 days of commencing employment, and the time period during with the related membership election forms must be received by PERA, generally, within 60 days of commencing employment.
- Amends PERA statutes to provide protections to members when an employer participating in the PERA General Plan “privatizes” and elects the “special benefit coverage” under the bill.

Funding Threshold for Terminating State Aid and Supplemental Employer Contributions

- Minnesota law provides several types of supplemental employer contributions and state aid to public pension plans. The pension bill increases the plan funded threshold for terminating state aids and supplemental employer contributions, which will result in the pension plans receiving state aids and supplemental contributions for a longer period. The pension plans affected and the increase in the funded threshold, at which the state aid or supplemental employer contribution ends, are as follows:
 - MSRS Correctional Plan supplemental employer contributions: threshold increased from plan assets equaling or exceeding liabilities (100% funded) to plan assets equaling or exceeding liabilities by 110%, for three years
 - State Patrol Plan supplemental employer contributions: threshold increased from plan assets equaling or exceeding liabilities (100% funded) to plan assets equaling or exceeding liabilities by 110%, for three years
 - Police & Fire Plan direct state aid: threshold increased from plan assets equaling or exceeding liabilities (100% funded) to plan assets equaling or exceeding liabilities by 110%, for three years
- Deletes the provision which ends the state aid on July 1, 2048, if earlier than reaching the threshold for three years
 - State Patrol Plan and Police & Fire Plan supplemental state aid: threshold increased from plan assets equaling or exceeding 90% of liabilities to plan assets equaling or exceeding 100% of liabilities, for three years
- Deletes the provision which ends the supplemental state aid on July 1, 2048, if earlier than reaching the threshold for three years
 - MSRS Judges Retirement Plan direct state aid: threshold increased from plan assets equaling or exceeding liabilities (100% funded) to plan assets equaling or exceeding liabilities by 110%, for three years
- Deletes the provision which ends the state aid on July 1, 2048, if earlier than reaching the threshold for three years

State and Local Government and Elections Policy and Finance Bill

Regular Session S.F. 3045 – Senator Xiong/Representative Klevorn

Chapter 39

Effective Date: Various

The State and Local Government and Elections Omnibus bill was the final bill to pass during the regular session. The conference committee met on the final day of session around 8:00 pm to review the final proposal before sending it to the House and Senate floors for approval. The bill funded part of the state government including the state's Constitutional Offices, the Department of Revenue, Office of Management and Budget, and Office of Information Technology. The final bill included a fraud package to try to curb the fraud issues the state has been dealing with by allowing for payment withholding when fraud is expected, expanding the Attorney General's Medicaid Fraud Investigation Unit, and increasing resources for the Secretary of State to prevent business filing fraud. The elections provisions in the bill included matching dollars for the Help America Vote Act, and reforms to the state's lobbying laws. The bill received bipartisan support from both the House and the Senate.

State Government and Elections Appropriations

- \$112,970,000 in FY26 and \$114,534,000 in FY27 for the Legislature.
- \$9,231,000 in FY26 and FY27 for the Governor and Lieutenant Governor.
- \$15,634,000 in FY26 and 16,247 in FY27 for the State Auditor.
- \$48,875,000 in FY26 and \$47,684,000 in FY27 for the Attorney General.
- \$10,045,000 in FY26 and \$9,292,000 in FY27 for the Secretary of State.
- \$2,579,000 in FY26 and \$1,846,000 in FY27 for the Campaign Finance and Public Disclosure Board.
 - \$760,000 in FY26 is to pay fees and expenses if an order granting plaintiff's motion for them is filed in *Minnesota Chamber of Commerce v. Choi*.
- \$139,000 in FY26 and FY27 for the State Board of Investment.
- \$11,110,000 in FY26 and \$11,709,000 in FY27 for the Office of Administrative Hearings.
- \$10,939,000 in FY26 and \$11,150,000 in FY27 for Information Technology Services.
- \$36,849,000 in FY26 and \$37,166,000 in FY27 for the Department of Administration.
- \$464,000 in FY26 and \$472,000 in FY27 for the Capitol Area Architectural and Planning Board.
- \$52,114,000 in FY26 and \$52,312,000 in FY27 for the Office of Management and Budget.
- \$215,661,000 in FY26 and \$216,973,000 in FY27 for the Department of Revenue.
 - \$954,000 each year for the Racing Commission.
 - \$50,000 each year for the Minnesota Military Museum.
- \$7,798,000 in FY26 and \$7,808,000 in FY27 for the Board of the Arts.
- \$970,000 in FY26 and FY27 for the Minnesota Humanities Center.
- \$928,000 in FY26 and \$943,000 in FY27 for the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design.
- \$15,064,000 in FY26 and \$15,154,000 in FY27 for the Minnesota State Retirement System.
 - \$6,000,000 in FY26 and FY27 is for the Judges Retirement Plan.
- \$25,000,000 each year for Public Employees Retirement Association.
- \$29,831,000 each year for the Teachers Retirement Association.

- \$14,827,000 each year for the St. Paul Teachers Retirement Fund.
- \$3,000,000 in FY 2026 for a grant to Ramsey County for the Ramsey County Sheriff to implement a coordinated public safety and livability plan in the Capitol Area.

State Symbols

- Designates the giant beaver as the official state fossil of the State of Minnesota.
- Designates Ursa Minor as the official constellation of the State of Minnesota.

State Government Policy

- Allows agencies to request remand of a finding of fact, conclusion or law, or recommendation within 45 days following the close of the hearing record.
- Requires each state agency to clearly post on the agency's website a current organizational chart that includes the name and contact information for the agency head, all deputy and assistant agency heads, and the head of each division within the agency.
- Requires the Compensation Council to submit recommendations for justice of the supreme court, judges of the court of appeals and district court judges' salary recommendations by September 1 of each even numbered year. The recommendations are to take effect July 1 of the following year.
 - Revives the Compensation Council appointed in 2025 on June 1, 2026, and expires upon the Council's submission of a judicial salary recommendation in accordance with the above law change.
- Clarifies that ex parte communication that is not allowed with the Compensation Council does not include testimony provided to the Council during an official meeting or to other communications when a majority of the members are present.
- Increases the fee imposed on advanced deposit wagering providers from one percent to two percent of all amounts wagered by Minnesota residents with an authorized advanced deposit wagering provider.
- Requires the Commissioner of Management and Budget to provide a report on the number of posted executive branch job openings that have gone unfilled for at least six months.
- Changes the name of the "Office of Administrative Hearings" to the "Court of Administrative Hearings."
- Repeals language creating the Advisory Council on Infrastructure.
- Repeals language creating the Legislative COVID-19 Response Commission.
- Repeals language creating the Driver and Vehicle Systems Oversight Committee.

Licensing Board Policy

- Various changes to the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design including:
 - Board Member Qualifications:
 - Changes the requirements for having worked in the relevant profession from ten years to five years.
 - Changes the requirements for years in responsible charge from five years to two years.
 - Licensure Qualifications:
 - Removes the requirement that to be licensed an individual must be 25 years of age or older.
 - Removes the fee to obtain a temporary military license.

Local Government Policy

- Provides all the powers and duties of the Ramsey County Economic Development Authority and shall retain all the powers of a housing and redevelopment authority.
- Expands the Open Meeting Law to allow public officials to participate remotely from non-public locations without the previous three-meeting limit.
- Doubles the maximum reimbursement a property owner can receive for an independent appraisal in condemnation cases, from \$1,500 to \$3,000 for single-family and \$5,000 to \$10,000 for other properties.
- Authorizes water, sewer, and combined districts to install lines within public road rights-of-way, providing additional clarity for intergovernmental infrastructure partnerships.
- If a city's only qualified newspaper ceases publication, cities may post public notices on their website and the MN Newspaper Association's statewide site until a replacement is found.
- Raises the annual revenue threshold for mandatory city audits to \$1 million (adjusted annually for inflation), up from \$150,000. Applies to cities operating under the standard plan, Optional Plan A, and towns combining clerk/treasurer offices.
- Allows statutory cities to create public utilities commissions with 3, 5, or 7 members. The number of members can be adjusted by ordinance (subject to reverse referendum).
- Allows volunteer emergency responders to purchase up to four tires every three years for their personal vehicles using city/town/fire department contracts.
- Requires cities and towns to provide landlords with a link to the Attorney General's Landlord-Tenant Handbook when issuing or renewing rental licenses.
- Requires towns and special districts to file financial reports with the State Auditor to qualify for state aid, aligning with city requirements.
- Raises the sales threshold requiring audited financials for city-operated liquor stores to \$750,000.

Campaign Finance Policy

- Various changes to the definition of lobbyist including:
 - Defining “expert witness” as someone with educational, professional or occupational training who prepares or delivers testimony based on their specific expertise.
- Requires lobbyists to report to Campaign Finance Board each expert witness they request to communicate with public or local officials.
 - Clarifies that a lobbyist is not an expert witness communicating with public or local officials if the communication occurs at a public meeting or is made available to the public.
 - Defines “local official” as an appointed, elected, or employed individual who has the authority to make, offer recommendations on, or vote on major decisions regarding the expenditure of public money.
 - Defines “official action of a political subdivision” as any action requiring the vote or approval by one or more elected local officials or an action by an appointed official or employed local official if they use the authority to make a major decision regarding the expenditure of public money, the responsibility to make recommendations to a chief executive of the governing body about major decisions regarding the expenditure of public money, or the authority to vote as a member of the governing body on major decisions regarding the expenditure of public money.

- Clarifies that attempting to influence a nonelected local official is lobbying when the nonelected local official uses the authority to make, responsibility to make recommendations, or the authority to vote on major decision regarding the expenditure of public money.
- Clarifies that major decisions regarding the expenditure of public money includes but is not limited to:
 - The development and ratification of operating and capital budgets;
 - Whether or apply for our accept state, federal, or private grant funding;
 - Selecting recipients for government grants; and
 - Tax abatement, tax increment financing, or expenditures on public infrastructure used to support private housing or business development.
- Clarifies that major decisions regarding the expenditure of public money does not include:
 - The purchase of goods or services with public funds;
 - Collective bargaining of a labor contract on behalf of a political subdivision; or
 - Participating in discussions with a party or a party's representative regarding litigation between the party and a political subdivision.
- Requires the Campaign Finance Board to publish a handbook on the board's website for lobbying.
- Defines sample ballot and requires disclosures that clearly explain the sample ballot is not an official ballot.

Elections Policy

- Voter registration changes:
 - Voters may update their registration using the same methods and timelines as initial registration, including on election day.
 - Expands proof of residence for students and residential facility residents. Facility employees must provide proof of employment to vouch for residents.
 - Election judges must record failed registration update attempts due to insufficient documentation.
 - County auditors must check for potential duplicate voting if a registration is updated close to election day.
 - The Secretary of State and county auditors must now provide the public information list within 5 business days of a complete request (down from 10).
- Absentee and early voting:
 - Online absentee ballot applicants must provide both a driver's license number and the last four digits of their Social Security number. If they only possess one, they must include it and certify that they do not have the other.
 - Voters may update their registration when submitting an absentee ballot; instructions must be included in absentee voting materials.
 - Jurisdictions that vote by mail must now send ballots at least 28 days before an election (previously 14 days).
- Polling places and election security:
 - Polling places may not be located where cannabis is sold or served, including adjoining rooms.

- All counties must develop election chain-of-custody plans that cover both physical and cybersecurity. Cities must adopt or develop compatible plans for local elections. Plans are due to the secretary of state by June 1, 2026.
- Election judges and administration:
 - The election judge oath is amended to include a pledge not to knowingly share false information or interfere with a person's right to vote or register.
 - Party balance is required among election judges at ballot counting locations.
 - Election judges are responsible for assisting voters with registration updates.
- Election reporting and filing:
 - The secretary of state must create a centralized election reporting system for candidate filings, ballot questions, and unofficial results.
 - Municipal and school district clerks must notify the official responsible for ballot preparation of all filings or changes within one business day of the filing deadline unless another timeline is agreed to.
 - The filing period for municipal and school district elections held in November is now 112 to 98 days before the election (previously 98 to 84 days), effective January 1, 2026.
 - The deadline for write-in candidates to file is now 19 days before the general election (previously 7 days).
- Special legislative elections:
 - For special legislative elections held at the general election, the filing period aligns with the regular general election period. If that is not possible, the period must be at least 5 and no more than 10 days (excluding holidays).
 - When the legislature is in session, the filing period must be at least 3 days (excluding holidays).
 - For other special elections, the filing period must be 5 to 10 days (excluding holidays).
 - The blackout period for holding special elections around holidays is reduced from four days to two days before and after a holiday.

Fraud Prevention Policy

- Allows government entities to disclose data related to suspected or confirmed fraud in public programs to any other government entity, federal agency, or law enforcement agency if the access would promote the protection of public resources.
- Allows the head of an agency to withhold payments for a period not to exceed 60 days if the agency head determines that a preponderance of the evidence shows that the program participant has committed fraud to obtain payments.
- Requires a state employee who discovers evidence of a violation of laws or rules governing grants to promptly report the violation to their supervisor who must report the violation to the legislative auditor.
- Requires grantees to clearly post on their website the name and contact information for the employee who directly manages and oversees the grant for the grantee.
- Requires grants management training for all staff assigned grants management job duties and requires continuing grant management training on an annual basis.

Tax Bill

Special Session H.F. 9 – Senator Rest/Representative Davids/Representative Gomez

Chapter 13

Effective Date: Various

The 2025 Omnibus Tax Bill was not completed during regular session, but it was one of the few bills almost fully negotiated in public during special session. However, it ultimately necessitated leadership involvement to complete negotiations. The final bill makes adjustments across individual, corporate, property, sales-use, and local-finance provisions. It modernizes income-tax administration by adding new subtractions (e.g., for coerced debt, consumer-enforcement payments, foreign service pensions, dental-clinic loan aid) and streamlining credits (partially refundable research credit, extended film and railroad credits, simplified education credit).

Property-tax changes include new tribal and conservation exemptions, clarified electric cooperative treatment, expanded abatement authority for land banks and affordable housing, extends TIF deadlines and special-district rules for numerous cities.

In the sales-use and excise area, large vendors must prepay a slice of June sales tax, cannabis receipts tax rises, and select brewers may switch to annual excise filings. The bill also raises cannabis gross receipts tax from 10% to 15% but eliminates local cannabis aid.

The bill also reduces notice periods for bond and program hearings, broadens the state's guarantee of local debt, and creates a dedicated consumer-restitution fund, among other technical and sunset-date refinements.

Individual Income & Corporate Franchise Taxes

- Requires the Campaign Finance Board to establish an electronic filing system for the political contribution refund.
- Clarifies sustainable aviation fuels credit rollover limits for FY25–30.
- Adds subtraction for discharged coerced debts (effective TY2025+)
- Allows subtraction for consumer enforcement payments (effective TY2025+)
- Allows subtraction for federal foreign service pension income (effective TY2025+)
- Enables partial refundability and carryover of the research credit (effective TY 2025+); sets refundability at 19.2% in 2025, 25% in 2026–27, and thereafter the lesser of 25% or a \$25 million cap (effective TY 2025+); and appropriates funds for research credit refunds (effective post-enactment).
- Applies Article 1 subtractions to alternative minimum tax income (effective AMT PY2026+)
- Excludes specified debts from homestead credit refund income
- Requires IRA providers to designate timely contributions to prior year limits
- Repeals language allowing taxpayers to assign a Minnesota education credit to a lender

Property Taxes

- Limits property tax exemptions for charitable rental housing (effective taxes payable 2026)
- Excludes substations, transmission, and generation equipment from coop exemptions
- Provides an exemption for property in Minneapolis owned by Leech Lake Band of Ojibwe

- Provides an exemption for property in Minneapolis owned by Grand Portage Band
- Exempts one Minneapolis parcel owned by Mille Lacs Band
- Allows assessors to reduce the valuation of property subject to a conservation easement if the property is in a metropolitan county that has both authorized such reductions and adopted a program to protect farmland or natural areas (effective assessment year 2026)
- Sets income/rent limits for class 4d(1) rentals (effective assessment year 2026)
- Sets confession-of-judgment rates: prime floor 5%, cap 14% (effective 1/1/26)
- Increases the amount from \$3,000 to \$10,000 that a city of the third class is allowed to levy for free music entertainment (effective post enactment)
- Defines “land bank organization” as an entity that acquires, holds, or manages vacant, blighted, foreclosed, or tax-forfeited property for future development, redevelopment, or disposal. To qualify, it must be either a nonprofit with a government-appointed or elected governing board (whose members may be government officials) or an LLC wholly owned by such a nonprofit.
- Permits local governments to abate property taxes on parcels designated for affordable housing development or held by a land bank organization for future development for up to five years; if such land is used for any other purpose before redevelopment, the land bank organization must repay the abatement with interest over the same duration. (effective post enactment)
- Extends a property tax exemption for property owned by the Bloomington Port Authority that is being held for economic development purposes through 2031 (effective council approval)
- Repeals a requirement that a fiscal disparities adjustment be included on certain property tax notices for properties within the Iron Range fiscal disparities program. (effective taxes PY2026)

Sales/Use & Excise Taxes

- Vendors with an annual sales-use tax liability of \$250,000 or more must remit 5.6 percent of their June liability two business days before June 30, with the remaining balance due by August 20
- Imposes a 10% penalty on the shortfall, which is the amount by which a vendor’s June sales-use tax liability exceeds the portion remitted by the early June deadline, unless the vendor has already paid at least 5.6% of either their May or June liability
- Raises cannabis gross receipts tax from 10% to 15%
- Repeals electricity sales tax exemption for qualified/refurbished data centers
- Allows annual excise returns for brewers with the brewer credit

Property Tax Aids

- Reduces Sustainable Forest Incentive Act payments by 10% (effective payments 2027) and establishes withdrawal rules for reduced SFIA payments (effective post enactment).
- Ensures full distribution of annual township aid (effective aids payable in 2026)
- Cuts aquatic invasive species prevention aid from \$10M to \$5M annually (effective aids PY2027)
- Restores withheld LGA/small city aid upon report submission (effective post enactment)

Tax Increment Financing

- Extends the deadline of certain temporary tax increment financing by one year.

- Grants special tax increment financing authority to several cities and modifies prior special tax increment financing authority for several cities.

Public Finance

- Shortens hearing notice requirements for county capital improvement bonds, municipal housing programs, industrial development projects, economic development abatements, and city/town capital improvement bonds from 11–15 days down to 10 days.
- Extends the state’s guarantee of principal and interest to include certain county debts for courthouse, justice-center, jail, or correctional-facility construction—and to refund bonds issued for those debts.
- Adds county courthouse and law-enforcement facility debt obligations into the “debt obligations” the state may back.
- Changes the Minnesota Bond Allocation Act to apply based on whether tax-exempt obligations require a volume-cap allocation, rather than on statutory dollar-limits.
- Mandates that recipients of tax-exempt bond allocations—both residential rental projects and all other qualified bonds—issue their bonds by the last business day of the allocation year.
- Updates the list of county projects requiring a tax levy or bond issuance before construction, now including sheriff’s offices, law-enforcement centers, and courthouses or justice centers attached to jails.

Miscellaneous

- Tax Expenditure Review Commission
 - Tax bills that create, renew, or continue a tax expenditure must include a “statement of objective” submitted by the tax-committee chairs to the Tax Expenditure Review Commission (TERC) within 60 days of enactment (replacing the in-bill purpose statement). Effective day after final enactment.
- Directs the Attorney General to deposit undisbursable consumer-restitution funds into a new consumer protection restitution account rather than the general fund. Effective July 1, 2025.
 - Creates a Consumer Protection Restitution Account in the special revenue fund and directs the attorney general to deposit 50% of undisbursable consumer-enforcement recoveries into it (the other 50% goes to the general fund).
 - Permits funds to be used solely for consumer restitution and up to 3% for account administration; grants the AG discretion to deem payments impractical or unidentifiable and to cease distributions once all eligible claims are resolved.
 - Requires distributions to consumers in order of oldest final order when funds are insufficient and mandates an annual report published online and submitted to legislative committees.
 - Allows the AG to appoint an account administrator, preserves the AG’s enforcement authority, and confirms no private right of action for payments.
 - Implements cross-reference changes and exceptions to reflect the new restitution account.
- Raises the State Agricultural Society’s debt limit for state fair bonds from \$30 million to \$50 million. Effective July 1, 2025.
- Lowers the penalty for failing to provide a renter with a certificate of rent paid from \$100 to \$50 and establishes a \$50 penalty for failing to file a copy with DOR. Effective for certificates issued after December 31, 2025.

- Establishes a permanent 0.5 percent rate for the provider-tax research credit. Effective day after final enactment.
- Adjusts when pharmacies may claim refunds for the legend-drugs tax on out-of-state shipments. Effective January 1, 2026.
- Eliminates the local government cannabis aid account and its dedicated revenues, effective for receipts after June 30, 2025; the account is abolished January 2, 2026.
- Repeals the marijuana and controlled-substance tax effective August 1, 2025, and the local government cannabis aid effective for aids payable in 2026 and thereafter.

Department of Revenue – Income & Franchise Taxes

- Clarifies that the “basic” public pension subtraction applies even when the service did not earn Social Security benefits.
- Fixes the reference to the corporate disallowed business interest deduction (retroactive to tax year 2020 and later) and amends the 2023 conformity law to include the delayed business-interest addition in “net income” for composite and pass-through filers (retroactive to the original 2023 federal effective date).
- Renter’s Credit Revisions:
 - Requires claimants to have at least one dependent to qualify for the dependent exemption.
 - Adjusts “gross rent” calculation for those whose rent is partially covered by medical assistance.
 - Confirms married couples filing jointly may use rent paid by either spouse. Effective for tax year 2025 and later.

Department of Revenue – Sales & Use Taxes

- Limits the sustainable aviation fuels sales-tax exemption to materials, supplies, and equipment purchased between July 1, 2027, and June 30, 2034, and updates the sales-tax refund statute (including eligible persons and application language) to reference facilities that qualify for that exemption. Effective the day after final enactment.
- Requires the Department of Revenue to estimate monthly sales-tax receipts from motor-vehicle repair and replacement parts immediately after the February forecast and deposit those estimated amounts into the designated transportation funds each month. Effective the day after final enactment.
- Specifies that sellers satisfy due diligence in determining a sale’s location by using Postal Service look-up tools or certified software, or by requesting a purchaser’s full street address or nine-digit ZIP code when no street address is required, thereby limiting additional sales-tax liability for incorrect ZIP-code scoring. Effective for sales and purchases after June 30, 2025.
- Aligns the definition of “certified service provider” with the Streamlined Sales and Use Tax Agreement and shields providers from liability when a seller fails to remit all or part of its tax—provided the provider gave timely notice of the seller’s nonpayment. Effective for sales and purchases after June 30, 2025.

Department of Revenue Provisions

- Clarifies that tax preparers may not take ownership of, control, or open an account in their own name for any Department of Revenue payment made to a client—ensuring advance child-tax-credit and similar payments receive the same protections as refunds (effective for taxable years beginning after December 31, 2024). It also extends timelines

- for contested-case proceedings (cease-and-desist orders and penalties) against preparers and specifies that a hearing begins with the notice and order (effective for actions after final enactment).
- Allows any portion of Class 1b property valued over \$50,000 to be reclassified as 4d(2) community-land-trust property—provided it meets existing 4d(2) requirements (effective for assessment year 2025 and thereafter).
 - Removes the requirement that qualified heirs file two separate estate-tax recapture returns with the commissioner, requiring only the second return (effective the day after final enactment).
 - Clarifies that the transportation deduction from motor-vehicle repair and replacement parts sales tax is based on estimated monthly receipts and deposited monthly (effective the day after final enactment).
 - Extends the sunset of the premium-tax film production credit to match the expiration date of the same credit under individual income and corporate franchise taxes enacted in 2023 (effective the day after final enactment).

Transportation Finance and Policy Bill

Special Session S.F. 18 – Senator Dibble/Representative Koegel

Chapter 8

Effective Date: Various

The Transportation Finance and Policy Committee was unable to finish their work during the regular legislative session. While the public waited to see what the Transportation Work Group was putting together, rumors swirled that the main sticking points were on rollbacks to a proposal that passed in 2023 requiring greenhouse gas emissions offsets to various transportation problems. The Transportation Work Group met once during the lead-up to the special session to rollout out their proposed bill and take public testimony.

The public testimony largely focused on a new proposal that would shift half of the metro counties transportation sales and use tax dollars to the Met Council for bus rapid transit. The opposition to the county reduction led to that provision being stripped of the final bill. The final bill met its \$115 million cut target in the first biennium largely by cutting funding for public transit, including a \$61.41 million cut to the Metro Transit and a \$22 million cut to Greater Minnesota Transit. The final package passed with bipartisan support in the House on a 78-55 vote and a narrow majority in the Senate on a 35-32 vote.

Transportation Appropriations

- Total appropriations: \$4,929,145,000 in FY26 and \$4,013,528,000 in FY27
- Notable appropriations include:
 - Aeronautics:
 - \$27,398,000 in FY26 and \$27,248,000 in FY27 for Airport Development Assistance
 - \$180,000 in FY26 and FY27 for the Civil Air Patrol
 - Transit and Active Transportation:
 - \$1,500,000 in FY26 and FY27 for the Safe Routes to School Program
 - \$5,743,000 in FY26 and FY27 for Passenger Rail

- Program Planning and Research:
 - \$3,000,000 in FY26 and FY27 for Statewide Trunk Highway Corridor Planning
 - \$134,000 in FY26 and \$135,000 in FY27 for administrative costs of the Targeted Group Business Program.
- Program Delivery:
 - \$2,000,000 in FY26 and FY27 for climate-related projects under the IIJA.
 - \$1,003,000 in FY26 and \$1,005,000 in FY27 for management of contaminated and regulated material on property owned by MnDOT.
- State Road Construction:
 - \$650,000,000 in FY26 for the John A. Blatnik Bridge
 - \$33,250,000 in FY26 and FY27 for priority trunk highway construction projects.
- Corridors of Commerce:
 - \$25,000,000 in FY26 and FY27 for the Corridors of Commerce
 - Creates a base appropriation of \$20,000,000 in FY28 and FY29
 - Establishes a base appropriation of \$25,000,000 in FY30 and each year thereafter.
- Local Roads:
 - \$1,112,067,000 in FY26 and \$1,144,590,000 in FY27 for County State-Aid Highways
 - \$282,281,000 in FY26 and \$288,852,000 in FY27 for Municipal State-Aid Streets
 - \$1,000,000 in FY26 and FY27 for Local Transportation Disaster Support
 - \$500,000 in FY26 and FY27 for Traffic Calming Infrastructure Improvements.

Metropolitan Council Appropriations

- Total appropriations: \$114,258,000 in FY26 and \$120,091,000 in FY27
 - Transit System Operations:
 - \$1,751,000 in FY26 and FY27 for Transit System Operations
 - The base is \$20,014,000 in FY8 and FY29 for Transit System Operations
 - Special Transportation Services:
 - \$112,507,000 in FY26 and \$118,340,000 in FY27 for Metro Mobility and Metro Move.

Department of Public Safety Appropriations

- Total appropriations: \$297,718,000 in FY26 and \$299,229,000 in FY27
- Notable appropriations include:
 - \$1,367,000 in FY26 and FY27 for Public Safety Officer Reimbursements
 - \$147,013,000 in FY26 and \$148,960,000 in FY27 for State Patrol Patrolling Highways
 - \$19,243,000 in FY26 and FY27 for Capitol Security
 - \$47,665,000 in FY26 and \$47,132,000 in FY27 for Driver and Vehicle Services

Miscellaneous Appropriations

\$48,513,000 in FY26 and \$48,513,000 in FY27 from the Trunk Highway Fund to design, construct, remodel, equip, and furnish a central headquarters building for the State Patrol.

Impacts to Regional Transportation Sales and Use Tax Allocations

- Anoka County must use \$6,200,000 of their allocation to fund a pedestrian bridge over the Rum River Dam in Anoka.
- The Met Council must use \$2,000,000 of their allocation, and Hennepin County must use \$6,000,000 of their allocation to fund suicide deterrent barriers on the Washington Avenue Bridge on the University of Minnesota Twin Cities campus.
- The Met Council must allocate \$1,400,000 in grants to Twin Cities transportation management organizations including:
 - \$350,000 to the I-494 Corridor Commission
 - \$350,000 to the St. Paul transportation management organization
 - \$350,000 to the downtown Minneapolis transportation management organization and
 - \$350,000 to the Anoka County transportation management organization

Transportation Policy

- Renames the bridge on Burnsville Parkway over the marked Interstate Highway 35W in the City of Burnsville as “Elmstrand * Finseth * Ruge Heroes Memorial Bridge”.
- Establishes a Local Government Road Funding Gap Assistance account as a special revenue fund that local governments may apply to for funding design, engineering, construction, reconstruction, and maintenance of roads.
- Extends the timeline for temporary vehicle permits from 31-days to 60-days.
- Establishes Rental Motor Vehicle Plates.
- Exempts retail sale of fuel products and construction materials purchased and delivered to a political subdivision or trade or business from the retail delivery fee.
- Requires that work zone safety be included in drivers' education and drivers' manuals.
- Changes the E-bike Rebate program to require the individual applying for the program to have been a Minnesota resident for two years before receiving the benefit and allows individuals with disabilities to apply for the E-bike rebate regardless of their income threshold. Reduces the E-bike rebate from \$1,500 to \$750.
- Requires the Met Council and replacement service providers to provide regular route transit, free of charge, to individuals who are disabled.
- Renames the 10th Avenue Bridge in Minneapolis as the “Minnesota Senate Majority Leader Kari Dziedzic Memorial Bridge.”

Hybrid/Electric Vehicle Policy Changes

- Modifies electric vehicle surcharge to be \$150 for a registration period beginning on or after January 1, 2026, or \$100 for a registration period beginning on or after July 1, 2027.
- Modifies plug-in vehicle surcharge to be \$75 for a registration period beginning on or after January 1, 2026, or \$50 for a registration period beginning on or after July 1, 2027.
- Establishes a Public Charging Operators License for entities that provide places for the public to charge their electric vehicles for a fee.
- Establishes a new tax “electricity as a vehicle fuel tax” effective July 1, 2027, imposed on all public charging station operators at a rate of five cents per kilowatt hour of electricity.

Required Reports and Studies

- Consolidated Local Transportation Financials Report.
- Changes the date replacement service providers must report their fund balances to the Met Council to December 15 of each year and clarifies that projected operating expenses and projected reserve fund balances must be included in the report.
- Requires a report on the results of a study of autonomous lawnmowers on DOT land.
- Requires an updated policy and corresponding report on the circumstances where local units of government will not be responsible for any trunk highway fund eligible construction project costs to deliver the project scope the Department deems necessary.
- Requires a study on wheelchair accessible vehicle supply and availability for Transportation Network Companies.
- Requires a study on high-subsidy transit services.
- Requires a study on Metro Mobility forecasting analysis.
- Requires a study on Bus Rapid Transit Alternate Mode Analysis.

Drones Policy

- Defines “coordinated unmanned aircraft event.”
- Requires operators of coordinated unmanned aircraft system fleets to register the fleet of small, unmanned aircraft systems with the Commissioner.

Rulemaking

Requires the Commissioner to adopt the performance standards and certification process of ignition interlock and the program guidelines as rules and any other rules necessary to implement the ignition interlock chapter of law.

Special Session Agreement



Agreement for Special Session 2025

In order to pass legislation critical to the health, well-being, and safety of the citizens of Minnesota, the Governor of Minnesota and the below legislative leaders agree as follows:

1. The Governor will call a Special Session to convene on Monday, June 9, 2025, at 10:00 a.m. at the State Capitol in Saint Paul, Minnesota.
2. The activity of the legislature during the Special Session must be confined to the following bills and corresponding appropriations:
House Files:
 - a. Revisor number 25-05702: Modifying MinnesotaCare for Undocumented Adults Bill
 - b. Revisor number 25-05697: Health and Human Services Policy and Appropriations Bill (and Children and Families)
 - c. Revisor number 25-05685: Commerce and Consumer Protection Policy and Appropriations Bill
 - d. Revisor number 25-05696: Human Services Appropriations Bill
 - e. Revisor number 25-05713: Education Policy and Appropriations Bill
 - f. Revisor number 25-05709: Transportation Finance and Policy Bill
 - g. Revisor number 25-05718: Capitol Investment Bill
 - h. Revisor number 25-05695: Taxes and Local Aids Bill
 - i. Data Center Bill

Senate Files:

- a. Revisor number 25-05671: Environment and Natural Resources Appropriations Bill
- b. Revisor number 25-05711: Jobs, Labor, Economic Development Policy and Appropriations Bill
- c. Revisor number 25-05669: Higher Education Policy and Finance Bill
- d. Revisor number 25-05688: Energy, Utilities, Environment and Climate Policy and Appropriations Bill
- e. Revisor number 25-05682: Technical Revisor Corrections Bill

3. With due regard to the individual rights and authorities of each member of the Minnesota Legislature, the undersigned legislative leaders, as representatives of their caucuses, agree that:
 - a. The legislative leaders will not support amendments to the above bills after the bills are finalized by agreement of the leaders below, except where an amendment is agreed upon by the leaders below. The finalized bills will be conveyed to the House and Senate on Monday, June 9, 2025, and must be voted upon or passed by both bodies before 7:00 a.m. on Tuesday, June 10, 2025.
 - b. Both the Senate and the House of Representatives will declare an urgency under Article IV, Section 19 of the Minnesota Constitution. Senate Rule 2 and House Rule 1.04, requiring that a bill be given three readings on three separate days, and any other rules that would prevent passage of the above bills before 7:00 a.m. on Tuesday, June 10, 2025, will be suspended.
 - c. No other bills other than those listed above may be passed.
4. The Special Session must conclude within one legislative day. Both the House and the Senate must adjourn the Special Session sine die before 7:00 a.m. on Tuesday, June 10, 2025.
5. This agreement may be changed by the agreement of the undersigned leaders.

Signed on Friday, June 6, 2025



Tim Walz
Governor



Representative Lisa Demuth
Speaker of the House



Representative Melissa Hartman
Speaker Emerita



Senator Erin Murphy
Senate Majority Leader



Senator Mark Johnson
Senate Minority Leader

New House Members

Minnesota House DFL Members

- 8A – Peter Johnson
- 35B – Kari Rehrauer
- 38A – Hulda Hiltzley
- 40B – David Gottfried (Special Election, Vacant Seat – March 2025)
- 49A – Alex Falconer
- 50A – Julie Greene
- 61A – Katie Jones
- 62B – Anquam Mahamoud

Minnesota House Republican Members

- 1B - Steve Gander
- 2A – Bidal Duran
- 7B – Cal Warwas
- 16A - Scott Van Binsbergen
- 18A – Erica Schwartz
- 19B - Thomas Sexton
- 22B – Terry Stier
- 26A – Aaron Repinski
- 24A – Jimmy Gordon
- 28B – Max Rymer
- 41A – Wayne Johnson
- 41B – Tom Dippel
- 58B – Drew Roach

New Senate Members

Minnesota Senate DFL Members

- 45 – Ann Johnson Stewart (Replaced Congresswoman Kelly Morrison – Nov. 2024)
- 60 – Doron Clark (Replaced Senator Kari Dziedzic – Feb. 2025)

Minnesota Republican Senate Members

- 6 – Kari Heintzman (Replaced Senator Justin Eichorn - May 2025)

Appendix

- 2025 MLC Housing Solutions (PDF)
- 2025 MLC Legislative Policies (PDF)
- 2025 MLC Legislative Priorities (PDF)
- MLC Letters of Testimony (PDF)

2025 MLC Housing Solutions

As we confront our state's housing challenges, the Municipal Legislative Commission is committed to fostering a collaborative, productive dialogue with legislators and key stakeholders. We believe that by working together, we can design innovative and effective solutions that address the diverse housing needs across our communities. Our goal is to empower cities with the tools and flexibility to tackle their unique housing needs. In this spirit of cooperation and proactive problem-solving, we present the following potential strategies aimed at boosting overall housing production and promoting the development of affordable housing options.

Potential Solutions: Expanding Housing Production

- Reform condominium insurance and warranty requirements to facilitate construction of this housing product in Minnesota.
- Allow cities to use local affordable housing aid for zoning code updates with policies that expand housing options.
- Allow city councils the authority to implement comprehensive plan changes for redevelopment on a simple majority vote, rather than by a “super majority” to advance new housing projects that might otherwise be blocked.
- Authorize a strategic expansion of Metropolitan Urban Service Area (MUSA) boundaries to address land supply and cost issues, with density requirements to manage infrastructure and environmental impacts.

Potential Solutions: Promoting Affordable Housing

- Extend the special legislative authority that currently allows select cities to redirect surplus Tax Increment Financing (TIF) funds to local Affordable Housing Trust Funds, making this option available to all cities.
- Allow cities to extend TIF districts for affordable housing purposes, including Housing Improvement Areas (HIAs).
- Establish a metro area housing infrastructure grant program to provide funding for up to 50% of capital costs for critical public infrastructure to support new density.
- Increase funding for existing Naturally Occurring Affordable Housing (NOAH) preservation programs.
- Promote policies enabling HIAs in cities with multi-unit housing properties.
- Increase state investment in critical housing programs to promote new affordable housing development.



2025 MLC Legislative Policies

We believe sound policy advances and maintains strong communities. The Municipal Legislative Commission (MLC) supports initiatives that foster the development and prosperity of our cities, businesses, region, and state. Below are MLC's positions on key policy issues that will guide our advocacy efforts throughout the year.

Expanding Housing Production and Promoting Affordable Housing

Meeting the housing needs of our communities is a top priority for MLC cities; however, factors like underproduction during the Great Recession, rising construction and insurance costs, scarcity of developable land, real estate market dynamics, and high mortgage rates have all contributed to a significant housing gap. Limited infrastructure capacity and oversubscribed state funding for higher-density housing are also impacting our progress.

Despite these challenges, MLC cities are on track to meet the Metropolitan Council's 2030 regional comprehensive planning housing targets, with 172,781 permits issued over the past decade—56% for multi-family units and 37% meeting affordability criteria (51-80% AMI). In addition, over 1,500 acres in MLC cities have been designated for multi-family housing, enabling thousands of new medium- and high-density units by 2030. While historic investments during the 2023-24 biennium boosted capacity, we acknowledge that more needs to be done to further expand inventory across the housing spectrum.

We need collaborative and innovative strategies to meet present and future housing challenges. It's crucial to recognize that communities are at different stages of development; some are fully developed while others are still growing. This diversity necessitates tailored approaches to greenfield development, infill development, and redevelopment opportunities. Legislative proposals aimed at expanding housing production must carefully consider the impacts on these various development types.

The Metropolitan Council's regional comprehensive planning process offers an effective framework for setting metro-area density and housing production goals, allowing for coordinated efforts across the region while empowering local officials to make land use and zoning decisions. This approach ensures solutions are tailored to each community's unique characteristics, needs, and challenges.

MLC supports the following goals and strategies to expand housing options, prioritize local control of land use and zoning decisions, and enhance affordable housing options.

GOAL 1: Expand housing production to meet critical needs

MLC recognizes the need to address the shortage of affordable housing and homeownership opportunities that lie between medium/high-density apartment rentals and owner-occupied single-family homes. However, we oppose one-size-fits-all approaches that fail to recognize the unique needs and challenges of each community. Instead, we should reward cities for meeting their housing goals and provide incentives to continue this important work.

Expanding Housing Production and Promoting Affordable Housing (cont.)

MLC supports the following policy changes to expand housing production across the spectrum while preserving local control of planning and zoning decisions:

- Reform condominium insurance and warranty requirements to facilitate construction of this housing product in Minnesota
- Allow cities to use local affordable housing aid for zoning code updates with policies that expand housing options
- Allow city councils the authority to implement comprehensive plan changes for redevelopment on a simple majority vote, rather than by a “super majority” to advance new housing projects that might otherwise be blocked
- Authorize a strategic expansion of Metropolitan Urban Service Area (MUSA) boundaries to address land supply and cost issues, with density requirements to manage infrastructure and environmental impacts

GOAL 2: Promote affordable housing opportunities

MLC cities are working to preserve existing affordable housing in our communities while also stimulating the production of new affordable units and addressing barriers to homeownership. We support the following policy and funding priorities to preserve and expand access to affordable housing:

- Extend the special legislative authority that currently allows select cities to redirect surplus Tax Increment Financing (TIF) funds to local Affordable Housing Trust Funds, making this option available to all cities.
- Allow cities to extend TIF districts for affordable housing purposes, including Housing Improvement Areas (HIAs)
- Establish a metro area housing infrastructure grant program to provide funding for up to 50% of capital costs for critical public infrastructure to support new density
- Increase funding for existing Naturally Occurring Affordable Housing (NOAH) preservation programs
- Promote policies enabling HIAs in cities with multi-unit housing properties
- Increase state investment in critical housing programs to promote new affordable housing development

Investing in Infrastructure, Transportation & Economic Development

MLC cities are actively pursuing economic development efforts to attract businesses, create jobs, and boost local economies. According to 2020 census data, MLC cities employ over 530,000 people, surpassing the 455,689 employees in Minneapolis/St. Paul. This job growth has led to increased congestion and demand on transit and roads. Consequently, our association supports increased, regionally balanced investments in transportation and infrastructure to maintain and grow our robust transportation network.

Many MLC cities continue to be among the fastest-growing in Minnesota, leading to increased infrastructure costs (i.e. water, sewer, parks, storm water, and roads). To ensure orderly growth, it is essential to collect development fees so infrastructure can meet new demand without shifting costs to existing residents. Cities currently have the authority to impose fees for infrastructure like water, sewer, storm water, and parks. Extending these fees to include public infrastructure, such as road improvements necessitated by new development, is a logical step.

GOAL 1: Provide increased, regionally-balanced investments in transportation and infrastructure to maintain and grow a robust transportation network

- Fund the Corridors of Commerce program at the 2022-23 project cycle level of \$403 million
- Fund at least \$10 million for metro cities in the Transportation Economic Development program

GOAL 2: Support economic growth through targeted state investments that add new workers, retain high-quality jobs, and attract business development

- Maintain state investments in the Minnesota Investment Fund
- Maintain state investments in the Job Creation Fund

GOAL 3: Protect state-local partnerships needed to support essential local infrastructure projects with a regional/state benefit

- Pass a robust, regionally balanced bonding bill that includes significant investment in suburban communities
- Oppose requiring local governments to create dedicated replacement funds for capital projects that receive state funding

GOAL 4: Ensure that local infrastructure can meet the demands imposed by new development without shifting costs to existing residents by authorizing local units of government to collect street infrastructure fees

Strengthening the State-Local Fiscal Partnership

MLC supports local control over taxes and fiscal policy. Our cities believe strongly in the promotion of policies that bring greater stability and predictability in the fiscal relationship between the state and local units of government. We support the following goals and strategies to strengthen the state-local fiscal relationship.

GOAL 1: Provide a clearer, more predictable, and equitable pathway for evaluating and approving future local sales tax requests by supporting a legislative bypass for projects meeting specific criteria, in line with the 2024 recommendations of the Local Taxes Advisory Task Force

- Oppose tax equalization measures in local sales tax legislation to ensure equitable treatment for all Minnesota cities, both current and future, that impose local sales taxes
- Oppose limitations on similar facilities within a certain distance of the proposed project and requiring support from surrounding cities
- Include metro parks and trails as pre-approved projects for the use of local sales tax dollars
- Include an inflationary escalator based on the Consumer Price Index (CPI) to give cities the funds necessary to cover actual project costs, ensuring that critical infrastructure and community development initiatives are completed as planned

GOAL 2: Provide greater stability and predictability in the fiscal relationship between the state and local units of government

- Support more frequent review of the Local Government Aid (LGA) program in recognition of the growing financial needs of cities in the state, including those who currently do not receive LGA
- Provide direct property tax relief through the Property Tax Refund and Renters Credit programs
- Simplify the process for a sales tax exemption on construction materials for cities, counties, school districts, and other local governments
- Preserve the integrity of the Fiscal Disparities Program by ensuring revenue is not diverted from the pool for one-off legislative priorities

Supporting Safer Communities

MLC cities are dedicated to ensuring public safety in our communities. At the same time, we are increasingly concerned about the local budgetary implications of specific policies and one-size-fits-all approaches that limit local officials' ability to tackle complex challenges. Issues such as PTSD and addressing duty disability claims persist as significant challenges. Emergency medical services also pose a significant worry, as ensuring timely and high-quality ambulance and emergency services continues to be a mounting challenge for some cities. Consequently, MLC believes local control over these services would produce the most favorable outcomes for our communities.

GOAL 1: Empower local elected officials to effectively manage public safety issues in our communities by providing additional one-time funding for police and fire aid programs

GOAL 2: Provide local control of EMS

- Allow local units of government to designate which licensed ambulance services provider or providers may serve their communities and to determine the appropriate level of service
- Provide local units of government with tools and authority to ensure transparency regarding performance standards and quality assurance metrics

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Brad Martens, City Manager

Woodbury

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Clint Gridley, City Administrator

Questions? Contact us:

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Amy Walstien, Attorney/Lobbyist
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For more information, visit:

www.mlcmn.org



2025 MLC Legislative Priorities

The Municipal Legislative Commission (MLC) is an association of 18 suburban communities working together to promote public policy decisions that are transparent, accountable, and equitable. We support strategic initiatives that help our cities, businesses, region, and state develop and thrive.

Expanding Housing Production and Promoting Affordable Housing

We support policies that increase production across the housing spectrum and provide greater access to affordable options while preserving local control of land use and zoning decisions, including:

- Reforming condominium insurance and warranty requirements
- Allowing cities to use local affordable housing aid for zoning code updates
- Simplifying comprehensive plan changes for redevelopment projects
- Strategically expanding Metropolitan Urban Service Area boundaries
- Establishing a metro area housing infrastructure grant program
- Expanding investments in Naturally Occurring Affordable Housing and other critical affordable housing programs
- Expanding authority for cities to redirect surplus TIF funds to Affordable Housing Trust Funds and allowing TIF district extensions for affordable housing purposes
- Promoting Housing Improvement Areas in cities with multi-unit properties

Supporting Safer Communities

MLC supports empowering local elected leaders to effectively manage public safety issues in their communities by:

- Allocating additional one-time funding for police and fire aid programs
- Enhancing local control of Emergency Medical Services by enabling community-specific ambulance service provider selection and establishing local performance and quality assurance oversight

Investing in Infrastructure, Transportation & Economic Development

MLC supports greater, regionally balanced investments in transportation and infrastructure and sensible regulatory requirements, including:

- Authorizing street infrastructure fees to ensure that local infrastructure can meet the demands imposed by new development
- Supporting essential local infrastructure projects with a regional/state benefit
- Providing increased, regionally balanced investments in transportation and infrastructure
- Supporting targeted state investments that add new workers, retain high-quality jobs, and attract business development

Strengthening the State-Local Fiscal Partnership

We support greater stability and predictability in the fiscal relationship between the state and local units of government by:

- Providing a clearer, more predictable, and equitable process to approve local sales tax requests
- Supporting more frequent review of the Local Government Aid (LGA) program
- Providing direct property tax relief
- Simplifying the sales tax exemption on construction materials for cities
- Preserving the integrity of the Fiscal Disparities Program

Learn more at:
www.mlcmn.com/advocacy



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Woodbury

January 29, 2025

Dear Members of the Senate Labor Committee:

The Municipal Legislative Commission (MLC) respectfully urges you to oppose SF 560 as amended by the delete-all amendment scs0560a-1. This proposal seeks to modify the permitting and inspection process by basing fees on a specific hourly rate for plan reviews and a flat cost-per-trip basis plus mileage for inspections and reinspections. While we understand the intent behind this proposal, we are concerned about the administrative burden it would impose on cities.

For example, the City of Prior Lake issued 2,239 permits in 2024. Those permits required varying numbers of inspections depending on the type of project. The city could easily have over 10,000 different inspections associated with those permits in a given year. The proposed system would require cities to track staff time for each plan review and inspection which would be excessively cumbersome and inefficient. In addition, basing inspection fees on a flat cost-per-trip with mileage oversimplifies the inspection process and treats residential buildings exactly the same regardless of their complexity. A more complicated residential project necessitates plan review and inspection fees that match the work performed by the city.

Cities are already required to demonstrate that what they charge for building permit fees is commensurate with the staff time involved. The current system of basing permit fees on project valuation effectively differentiates between simple and complex projects. This approach ensures that more complicated projects, which require more time and resources, are charged accordingly.

While we understand what the authors are trying to accomplish, MLC believes the proposed changes would add an unnecessary administrative burden without achieving significant benefits. We strongly believe the existing valuation-based methodology for building permit fees most accurately captures the scope and complexity of residential construction projects.

We urge you to maintain the current valuation-based system and preserve city authority to recover the costs associated with ensuring the health, welfare, and safety of our residents. Thank you for considering these concerns.

Sincerely,



James Hovland
Chair, MLC
Mayor, City of Edina

MLC Cities

February 10, 2025

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Woodbury

Dear Members of the Senate Housing and Homelessness Prevention Committee:

As a coalition of 18 cities representing nearly one million residents across the seven-county metropolitan region, the Municipal Legislative Commission (MLC) strongly urges your support for SF 203 (Port), authorizing the issuance of housing infrastructure bonds (HIBs). This critical legislation will help address urgent housing needs in our communities.

Since 2012, HIBs have been a vital tool for financing affordable housing in Minnesota, particularly in supporting projects that serve households at 30% of Area Median Income (AMI). By expanding HIB availability, SF 203 will strengthen investment in affordable housing across the state, including in MLC cities. With Minnesota facing a critical housing shortage, especially for lower-income residents, this expansion is crucial to create and preserve affordable housing options.

We look forward to working with you to ensure the passage of SF 203, a critical step in addressing Minnesota's affordable housing needs.

Sincerely,



James Hovland
Chair, MLC
Mayor, City of Edina

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February 12, 2025

Dear House and Senate Housing Leaders,

On behalf of the Municipal Legislative Commission (MLC), representing 18 cities and nearly one million residents across the seven-county metropolitan region, I am writing about several concerns regarding the draft housing proposals recently shared with our coalition. While we appreciate the inclusion of condo defect reforms and flexibility for cities to make comp plan changes for redevelopment purposes, many provisions in the proposed bills undermine local comprehensive planning and community-driven decision-making, which are essential for balanced and sustainable housing development.

Preserving Community-Driven Planning

The proposed bills undermine the critical role of community-driven planning and jeopardize affordable commercial spaces that are essential for fostering job growth and ensuring economic stability in our communities. Local governments have demonstrated success in adopting innovative zoning and land use policies that address housing needs while preserving a thoughtful balance between housing development and other community priorities.

Parking Regulations and Transit Realities

The removal of cities' ability to regulate parking requirements poses significant challenges, particularly in suburban areas where transit infrastructure is insufficient. While developers often tout transit-oriented development, most suburban residents still rely on personal vehicles.

Architectural Design Standards

Eliminating cities' ability to guide architectural design will erode the unique character of neighborhoods and commercial districts. Thoughtful design standards foster vibrant, livable communities that residents take pride in. Stripping local authority over design will diminish such successes and negatively impact quality of life.

Impact on Developed Communities

As you can see from the attached buffer maps, these proposals would disproportionately affect developed communities where nearly all municipal state aid streets fall within the proposed quarter-mile or half-mile buffers. This overreach undermines local autonomy and imposes one-size-fits-all policies that fail to account for regional differences.

We are attaching more specific feedback on each of these bills for your consideration.



We believe local governments are best positioned to understand their communities' unique needs and challenges. Instead of imposing mandates that stifle local innovation, we encourage a collaborative approach that supports cities through technical assistance, funding, and incentives. This partnership is essential for addressing Minnesota's housing crisis while preserving vibrant communities.

We urge you to partner with local leaders to craft solutions that address the state's housing goals while preserving the integrity of local planning and zoning.

Sincerely,

A handwritten signature in black ink, appearing to read 'James Hovland'.

James Hovland
Chair, MLC
Mayor, City of Edina

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March 3, 2025

Dear Chair Igo and Members of the House Housing Finance and Policy Committee:

On behalf of the Municipal Legislative Commission (MLC), a coalition of 18 cities with nearly one million residents in the seven-county metropolitan region, we welcome the opportunity to provide feedback on HF 1268. While we commend the efforts of the authors and their colleagues on the legislative Working Group on Common Interest Communities (CIC) and Homeowners Associations (HOA) to improve CIC/HOA transparency and accountability, we are concerned that the proposed legislation may create unintended challenges for cities and residents.

First, it's important to understand that cities currently do not require private common elements or HOAs as part of the development approval process. The decision to include common elements and establish an HOA to maintain them is entirely up to the developer. While cities may reference HOAs in approval documents, they do not manage private common areas or enforce HOA rules.

When a developer opts to include common elements in a residential development, an HOA is established to oversee the ownership and maintenance of these elements. Common elements typically fall into three main categories:

- Building elements (roofs, siding, decks)
- Site amenities (landscaping, monuments, pools, playgrounds, trails)
- Infrastructure (private roads, utilities, stormwater ponds)

Proper maintenance of these elements is vital to prevent issues like:

- Impacts on adjacent units when maintaining building elements
- Blight and decreased property values from neglected amenities
- Negative effects on public infrastructure due to poor private infrastructure maintenance

As the legislature addresses CIC/HOA challenges, we urge you to work with cities to ensure that private common elements continue to be effectively managed and maintained by private entities to avoid increasing burdens on cities and taxpayers.

Thank you for your consideration of these important issues.

Sincerely,



James Hovland
Chair, MLC
Mayor, City of Edina

CC: Rep. Kristin Bahner
Sen. Eric Lucero

MLC Cities

March 10, 2025

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Dear Members of the Senate Housing and Homelessness Prevention Committee:

This week, as you deliberate on bills aimed at addressing Minnesota's housing gap, the Municipal Legislative Commission (MLC)—a coalition of 18 cities representing nearly one million residents across the seven-county metropolitan region—would like to highlight the significant efforts our cities are already undertaking to enhance housing production and affordability.

MLC cities are committed to addressing housing challenges through innovative and diverse approaches. As illustrated in the attached city housing snapshots, these efforts include comprehensive planning, removing barriers to housing development with tailored local policies and ordinances, and local investments in affordable housing to provide a spectrum of options that meet the unique needs of our communities.

As you consider legislative changes, we urge caution regarding proposals that impose rigid restrictions on local land use and zoning authority. Such measures could undermine the progress our cities have made in responding to unique community needs. Instead, we advocate for incentive-based approaches that empower our cities to continue their effective work in expanding housing options. For more examples of the substantial housing efforts happening in MLC cities, please check out **MLC Housing** (<https://www.mlcmn.org/housing>).

We look forward to collaborating with you and the bill authors to advance solutions that build on existing successes while addressing the urgent need for affordable housing across Minnesota. Thank you for your leadership on this critical issue.

Sincerely,



James Hovland

Chair, MLC

Mayor, City of Edina

Attachments:

[Housing Availability and Affordability in Bloomington](#)

[Housing Highlights: Burnsville's Economic Development and Housing Summary](#)

[Chanhassen Housing: Building a Strong Foundation](#)

[Eden Prairie: Affordable Housing Facts](#)

[Maple Grove Housing Initiatives](#)

[Prior Lake Housing Update](#)

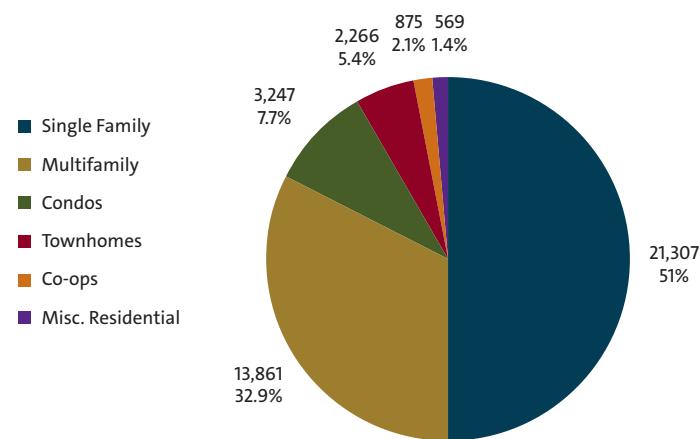
BLOOMINGTON.

tomorrow. together.



HOUSING AVAILABILITY AND AFFORDABILITY IN BLOOMINGTON

HOUSING UNITS BY TYPE



City of Bloomington, City Assessor's Office (2024) Assessment Report 2024

The City has 42,125 taxable housing units. There are 21,307 Single Family, 569 Misc. Residential, 13,861 Multifamily, 3,247 Condos, 2,266 Townhouse, and 875 Co-op Units.

- 91,537 residents
- 39,634 households
- 2.3 persons per household

Met Council and US Census Bureau

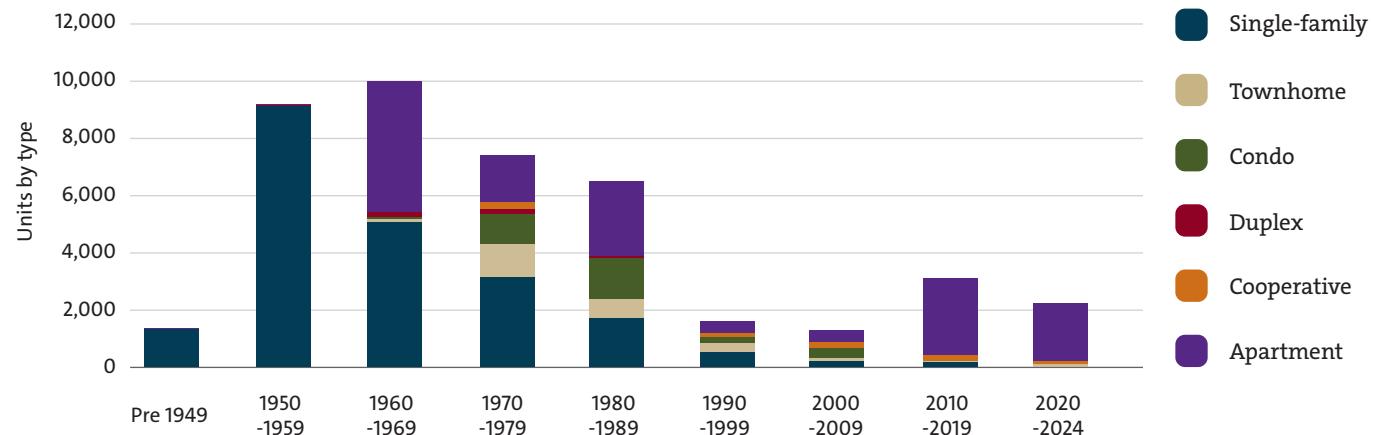
- Median home value: \$361,800
- Average rent: \$1,361

City of Bloomington Assessment Report (2024)

- 67% of housing is owner-occupied
- 27% of households are housing cost burdened (pay more than 30% of income toward housing costs)

2017-2021 American Community Survey 5-year Estimates

NEW HOUSING UNIT COUNT BY TYPE AND DECADE IN BLOOMINGTON



Bloomington has seen steady residential development since the 1950s and is fully developed. To meet today's housing needs with limited available land, the City promotes redevelopment and infill development and focuses on these four areas:



1. PEOPLE CENTERED PROGRAMMING

Bloomington's Housing Redevelopment Authority runs numerous programs that strive to create a stable and inclusive community through safe and dignified housing. Key programs include:

- Rental assistance (500+ Housing Choice Vouchers)
- 42 HRA-owned rental homes
- Home rehab loans / Emergency rehab loans
- Downpayment assistance
- Rent to own program, called Rental Homes for Future Homebuyers
- Many other education and outreach programs



2. REMOVE BARRIERS TO HOUSING PRODUCTION

Bloomington is reviewing its codes and development processes to remove barriers to the production of housing, including considering ways to allow for and promote the development of missing middle housing and the conversion of offices to housing. Recent changes to support housing production include:

ZONING CODE CHANGES:

- Simplified standards for Accessory Dwelling Units (ADUs)
- Reduced setbacks, minimum lot and unit size, and parking for single- and two-unit sites

DEVELOPMENT PROCESS CHANGES:

- 2-units are a permitted use by-right on all single-unit lots
- Multi-unit changed from conditional use to permitted in some districts
- Expanded administrative site plan/zoning approval

3. REQUIRE AFFORDABILITY

OPPORTUNITY HOUSING ORDINANCE (OHO)

In 2019 Bloomington approved the Opportunity Housing Ordinance (OHO) that includes inclusionary zoning standard with both requirements and incentives.

- 9% of new units must be affordable at 60% Area Median Income (AMI)
- Between 2020 and 2024
 - 13 multifamily projects entitled under the OHO
 - 11 projects utilized incentives, most frequently parking stall reduction, tax increment financing, and alternative exterior materials
 - 2 projects paid fee in lieu
 - 616 of the 2,586 units (23%) are affordable up to 60% AMI
 - 322 of the 2,586 units (12%) are affordable up to 50% AMI
 - Producing housing at 30% AMI is the most challenging, typically requiring Housing Choice Voucher program involvement. 40 of the 2,586 units (1.5%) are affordable at 30%.

4. FUND THE FINANCIAL GAP

HOUSING TRUST FUND

In 2019 the City created an affordable housing trust fund and funded it with \$15M in bonds through Old National Bank. The Housing Trust Fund was used to support 5 projects that resulted in 524 new and 306 preserved affordable units.

AFFORDABLE HOMEOWNERSHIP

The City partners to build new affordable homeownership housing. A planned project with Habitat for Humanity and Homes Within Reach will result in 6 new affordable homes. And a grant from Minnesota Housing will fund a new home development program to produce 27 new affordable homes.

REHABILITATION LOANS FOR AFFORDABLE APARTMENTS

On an ongoing basis, the City's HRA works with apartment owners to support renovations that preserve existing affordable units.

PROJECTS FUNDED WITH \$15M IN HOUSING TRUST FUNDS (2020-2024)

Project Name	Loan Amount	Affordable Units Created or Preserved	Subsidy per Affordable Unit
Blooming Meadows	\$7,000,000	306 preserved 172 new	\$16,393
Lyndale Flats	\$1,457,913	81 new	\$17,999
Cadence	\$975,000	68 new	\$14,338
Oxboro Heights	\$2,125,000	75 new	\$28,333
700 American	\$3,426,460	128 new	\$26,769

Housing Highlights

Burnsville's Economic Development and Housing Summary

Strong Business and Employment Climate

ACTIVE BUSINESSES

2,500

Burnsville hosts a thriving business community with approximately 2,500 active businesses.

MANUFACTURING HUB

\$380M **25.4%** **5000** Jobs

Wages generated annually

Dakota County's manufacturing jobs

3rd largest employment sector

LOW UNEMPLOYMENT

2.8%

The city boasts a very low unemployment rate of 2.8% (November 2024).

MAJOR BUSINESS HEADQUARTERS

1,800 **500** **400**

Collins Aerospace employees

Buck Hill Ski Area employees

Ames Construction employees

TOTAL MARKET VALUE

\$9.5B

Pay 2025

2024 CONSTRUCTION BOOM

\$244M **11,000** **2.1M** sq ft

Worth of construction work permits

Inspections performed

Permitted of commerical space

A Medical Destination

M HEALTH FAIRVIEW RIDGES HOSPITAL

967 Employees

State-of-the-art medical facilities with 967 employees

400+ Healthcare Entities

Drives growth of secondary medical businesses

MEDICAL SERVICES

Wide Range of Medical Services

Specialists

Therapists

Social Asst.

Robust Housing and Rental Market

NEW HOUSING DEVELOPMENTS

1,781 housing units

permitted since 2019

223 housing units

permitted in 2024

HOUSING PROGRAMS

Low-Income Home Improvement Loans

Up to **\$35,000**

10 Loans closed annually

City-Funded Home Improvement Loans

Up to **\$50,000**

5 Loans closed annually

Senior Deferred Home Improvement Loans

Up to **\$15,000**

5 Loans closed annually

Code Cash Program

50% grant up to

\$2,000

1-2 grants annually

HIGH-DENSITY HOUSING ZONING

1,349 acres

Prioritized for high-density housing

551 acres

Guided for mixed-use development

176 acres

Designated for transit-oriented development

RENTAL MARKET HIGHLIGHTS

11,435

Rental units licensed

43%

Rentals comprise 43% of all housing units in Burnsville





Chanhassen Housing

Building a Strong Foundation

Chanhassen's housing landscape is a testament to its commitment to quality living, blending past achievements of diverse housing options with future plans for sustainable growth, while actively addressing challenges such as affordability and availability to ensure a vibrant community for all.



CENTENNIAL HILL SENIOR APARTMENTS

- 65 unit senior housing complex
- Subject to income limits and age restricted to 55+
- 6 project based voucher units



GATEWAY PLACE APARTMENTS

- 48 Units
- Income-restricted to 60% AMI or lower



LAKE PLACE SENIOR LIVING

- 110 Senior Apartment Complex
- 56 market rate units
- 54 affordable units restricted to 60% AMI
- All units are age restricted to 55+

A Community For Life

Chanhassen is "a community for life," offering a diverse range of housing options to support residents at every stage. From single-family homes and townhomes to apartments and rentals, the city provides choices that suit a variety of lifestyles. For those needing specialized living arrangements, Chanhassen features 55+ apartments, assisted living, and memory care facilities, ensuring continuity of care. This commitment to housing diversity reflects the city's dedication to fostering a welcoming and sustainable community.

A history of utilizing TIF to support housing creation



CHANHASSEN GATEWAY APARTMENTS

- \$300,000 in Metropolitan Council Livable Communities Act (LCA) money

LAKE PLACE SENIOR LIVING

- \$3 million Pay-Go TIF
- 45 percent of units restricted for occupancy at affordable levels

ROERS HARLOW & BENNETT REDEVELOPMENT

- \$100,000 redevelopment grant from Carver County CDA
- \$6.36 million Pay-Go TIF
- 310 market rate units in downtown Chanhassen



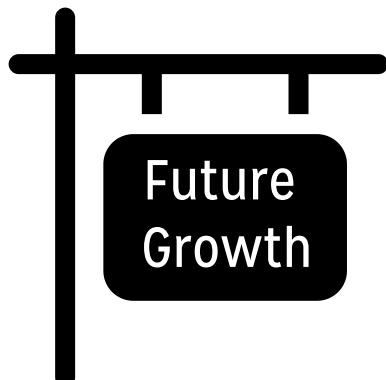


Chanhassen Housing

Growing with Purpose

Chanhassen's future housing landscape is shaped by thoughtful expansion and a commitment to meeting the needs of a growing and diverse population. With continued demand for a range of housing options, the city is poised to support responsible development that aligns with its community values. Future plans emphasize strategic growth along key corridors, ensuring access to amenities, employment, and transportation while maintaining the high quality of life that defines Chanhassen. Investments in affordability, senior housing, and sustainable design will help accommodate shifting demographics and evolving market demands.

HOUSING SEGMENT	Growth 2010 - 2023	% Growth
Rental	123 households	11%
Ownership	1,314 households	18%



Project	Status	Single Family	Duplex or Townhouses	Apartments	Totals
Roers Harlow & Bennett	Under construction	0	0	310	310
Pioneer Ridge	Application under review	0	60	0	60
Pleasant View Pointe	Application under review	19	0	0	19
Avienda	Sketch plan	0	0	417	417
6440 Hazeltine Blvd	Sketch plan	0	0	42	42

According to the **2024 Comprehensive Housing Needs Analysis for Carver County**, the city provides a significant share of moderately priced homes, with 62% of rental units and 43% of owned homes categorized as affordable for moderate-income households. Chanhassen's existing housing stock remains relatively balanced, with over half of owned units falling into the upper-income category. As the city continues to grow, this data highlights opportunities to build on Chanhassen's strong housing foundation while ensuring a mix of housing options for all residents.



EDEN PRAIRIE AFFORDABLE HOUSING FACTS

CITY COUNCIL ACTION

- Adoption of Inclusionary Housing Policy – affordable units provided in perpetuity
- Establishment of Affordable Housing Trust Fund
- Adoption of 2025 LAHA (Local Affordable Housing Aid) spending plan
- Adoption of Naturally Occurring Affordable Housing (NOAH) inventory and action plan
- Adoption of Tenant Protection Ordinance
- Support for Low Income Housing Tax Credit (LIHTC) projects



HOUSING OWNERSHIP/RENTAL

Total residential units	26,369
Rental units	6,434
Owned units	19,934

NEW HOUSING SINCE 2017

Total residential units	2,179
Affordable units	396
Senior units	631

Recent multifamily developments include 25% affordable units

Mixed-Income Approach to Affordability

Affordable units are dispersed throughout the development and are required to include finishes and amenities consistent with market-rate units.

CDBG and TIF Support

- Housing Rehab Loans
- First-Time Homebuyer Loans
- Senior Home Repair Program
- West Hennepin Affordable Housing Land Trust

ADDITIONAL EFFORTS

First-Generation First-Time Homebuyer Program

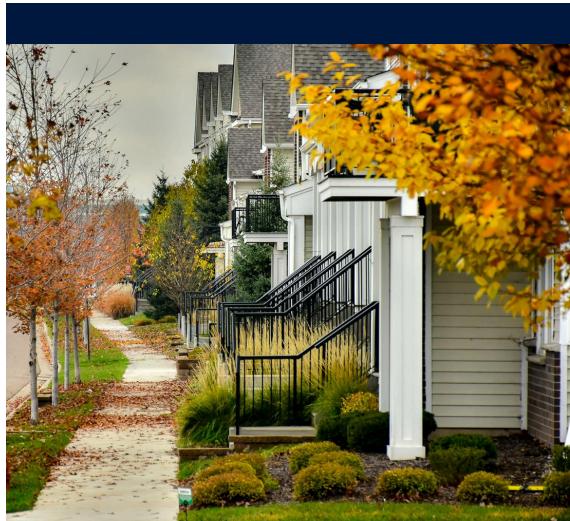
New in 2025

Property Managers Collaborative

City-led effort to keep pulse of local rental information and market, and to educate property managers on emerging community and housing issues, best management practices and public safety requirements.

New Resident Welcome Guide

Distributed to multifamily housing tenants to increase connection and sense of community.



Maple Grove HOUSING

Maple Grove continues to grow and evolve, always striving to ensure diverse housing options in various sizes, styles, and price ranges to meet the needs of all ages and lifestyles.

City of Maple Grove housing demographics

Housing units

Housing facts

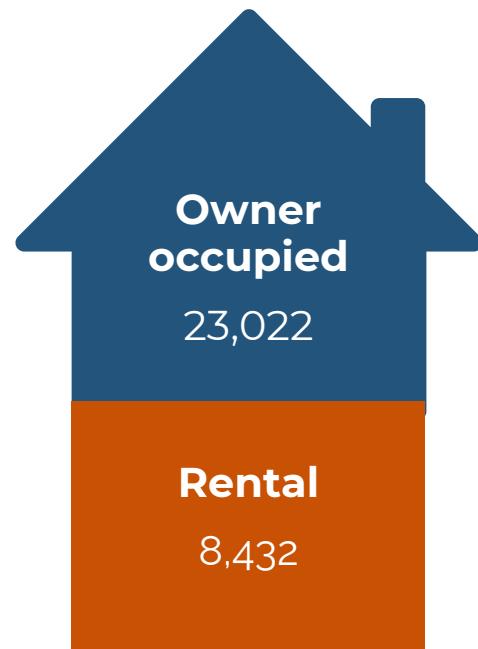
Median housing value
\$395,300 (2025)

Median gross rent
\$1,863 (2023)

**City-owned
affordable housing**

Scattered site
28 single-family homes
and townhomes

Woodland Mounds
88-unit | age 62+
apartment building



City of Maple Grove initiatives

- The city allocates CDBG funding to be used toward home repair and reinvestment for low- and moderate-income earning families.
- The West Hennepin Affordable Housing Land Trust uses funds allocated from the city to buy and refurbish homes in Maple Grove, which it then sells at reduced prices to qualified home buyers.
- The city is partnering with Ebenezer to develop an affordable senior housing project on available city property.
- Partnerships with local organizations, Age-Friendly Maple Grove and MICAH/Housing for All, to support senior and affordable housing.

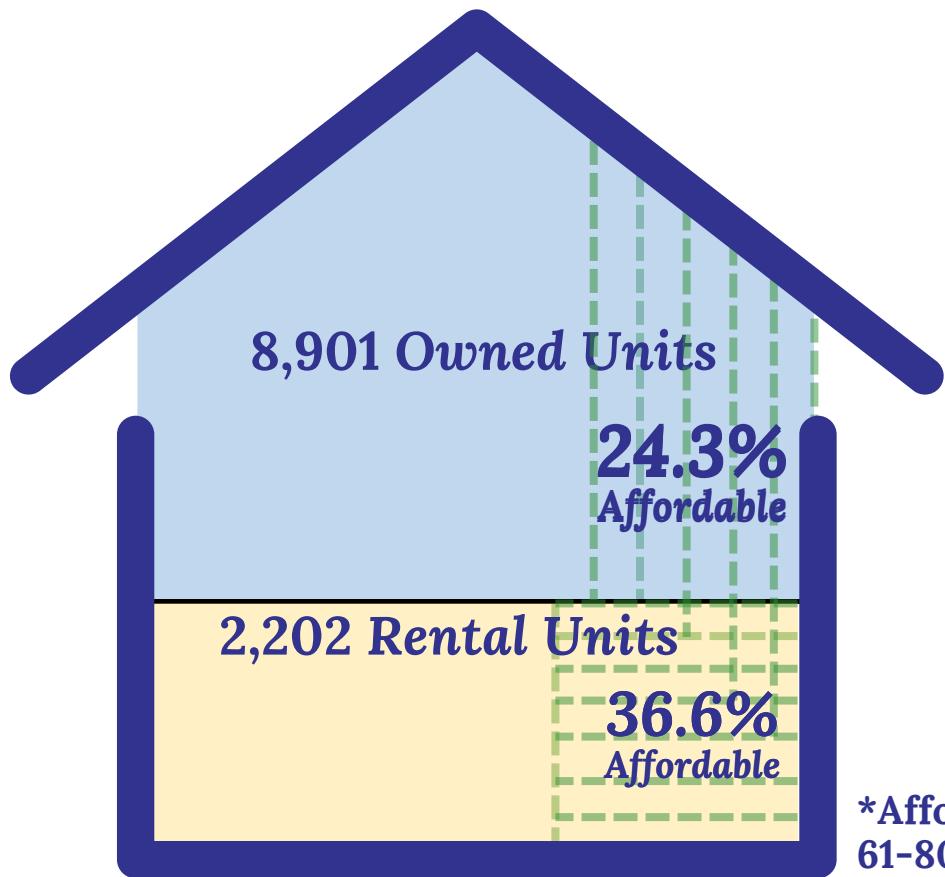
Comprehensive plan objectives

- Support and preserve a variety of housing types for people in all family structures and stages in the life cycle.
- Continue to plan for development patterns and densities that link housing with services, employment centers, public transit, and vehicular and pedestrian transportation facilities.
- Support a community of well-maintained housing and neighborhoods, including rental and ownership housing.

PRIOR LAKE HOUSING



CURRENT CONDITIONS



*Affordable
61-80% AMI

11,103
TOTAL HOUSING UNITS



PRIOR LAKE HOUSING



NEW CONSTRUCTION 2015-2024



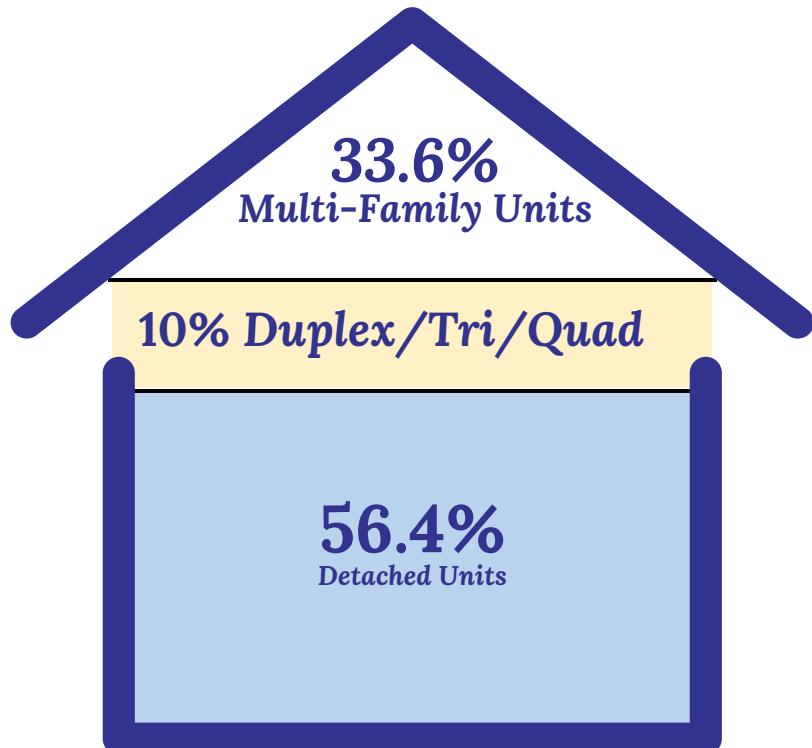
Grainwood Senior Living
168-unit subsidized affordable
apartment building for adults 55+



Pike Lake Marsh is a 68-unit subsidized
workforce housing apartment building



Scott County Specialized Emergency Family Housing will provide 14-units for temporary homeless family housing and to be constructed in 2025.



1,894
TOTAL HOUSING
UNITS



Towering Woods Townhomes is a development of 12 attached townhome units being constructed by Twin Cities Habitat for Humanity.

MLC Cities

March 10, 2025

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Dear Members of the House Housing Finance and Policy Committee:

This week, as you deliberate on bills aimed at addressing Minnesota's housing gap, the Municipal Legislative Commission (MLC)—a coalition of 18 cities representing nearly one million residents across the seven-county metropolitan region—would like to highlight the significant efforts our cities are already undertaking to enhance housing production and affordability.

MLC cities are committed to addressing housing challenges through innovative and diverse approaches. As illustrated in the attached city housing snapshots, these efforts include comprehensive planning, removing barriers to housing development with tailored local policies and ordinances, and local investments in affordable housing to provide a spectrum of options that meet the unique needs of our communities.

As you consider legislative changes, we urge caution regarding proposals that impose rigid restrictions on local land use and zoning authority. Such measures could undermine the progress our cities have made in responding to unique community needs. Instead, we advocate for incentive-based approaches that empower our cities to continue their effective work in expanding housing options. For more examples of the substantial housing efforts happening in MLC cities, please check out **MLC Housing** (<https://www.mlcmn.org/housing>).

We look forward to collaborating with you and the bill authors to advance solutions that build on existing successes while addressing the urgent need for affordable housing across Minnesota. Thank you for your leadership on this critical issue.

Sincerely,



James Hovland
Chair, MLC
Mayor, City of Edina

Attachments:

Housing Availability and Affordability in Bloomington
Affordable Housing in Eagan
Edina Housing Update
Lakeville Housing Snapshot
Minnetonka Housing Report
Prior Lake Housing Update

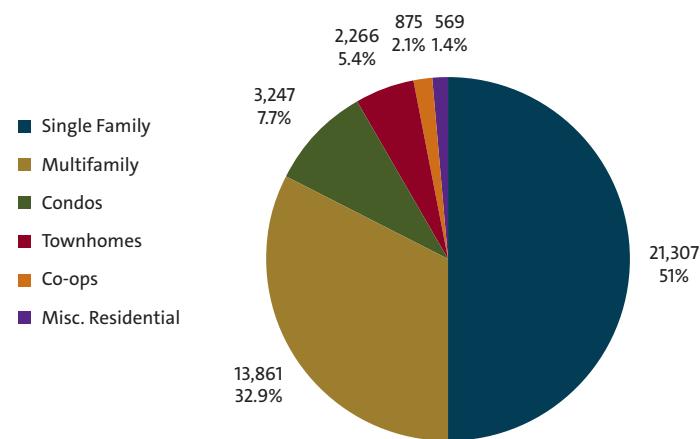
BLOOMINGTON.

tomorrow. together.



HOUSING AVAILABILITY AND AFFORDABILITY IN BLOOMINGTON

HOUSING UNITS BY TYPE



City of Bloomington, City Assessor's Office (2024) Assessment Report 2024

The City has 42,125 taxable housing units. There are 21,307 Single Family, 569 Misc. Residential, 13,861 Multifamily, 3,247 Condos, 2,266 Townhouse, and 875 Co-op Units.

- 91,537 residents
- 39,634 households
- 2.3 persons per household

Met Council and US Census Bureau

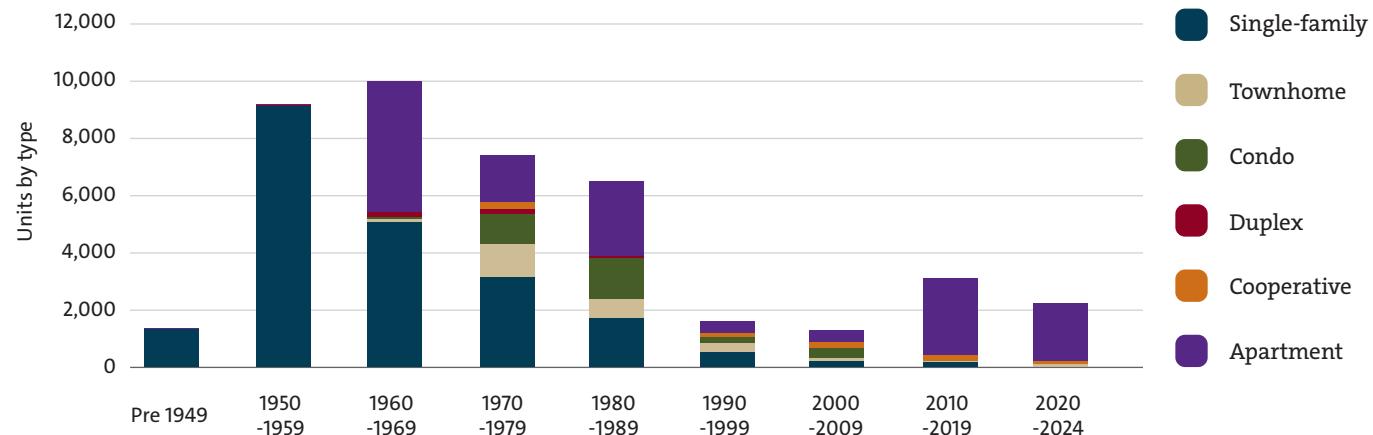
- Median home value: \$361,800
- Average rent: \$1,361

City of Bloomington Assessment Report (2024)

- 67% of housing is owner-occupied
- 27% of households are housing cost burdened (pay more than 30% of income toward housing costs)

2017-2021 American Community Survey 5-year Estimates

NEW HOUSING UNIT COUNT BY TYPE AND DECADE IN BLOOMINGTON



Bloomington has seen steady residential development since the 1950s and is fully developed. To meet today's housing needs with limited available land, the City promotes redevelopment and infill development and focuses on these four areas:



1. PEOPLE CENTERED PROGRAMMING

Bloomington's Housing Redevelopment Authority runs numerous programs that strive to create a stable and inclusive community through safe and dignified housing. Key programs include:

- Rental assistance (500+ Housing Choice Vouchers)
- 42 HRA-owned rental homes
- Home rehab loans / Emergency rehab loans
- Downpayment assistance
- Rent to own program, called Rental Homes for Future Homebuyers
- Many other education and outreach programs



2. REMOVE BARRIERS TO HOUSING PRODUCTION

Bloomington is reviewing its codes and development processes to remove barriers to the production of housing, including considering ways to allow for and promote the development of missing middle housing and the conversion of offices to housing. Recent changes to support housing production include:

ZONING CODE CHANGES:

- Simplified standards for Accessory Dwelling Units (ADUs)
- Reduced setbacks, minimum lot and unit size, and parking for single- and two-unit sites

DEVELOPMENT PROCESS CHANGES:

- 2-units are a permitted use by-right on all single-unit lots
- Multi-unit changed from conditional use to permitted in some districts
- Expanded administrative site plan/zoning approval

3. REQUIRE AFFORDABILITY

OPPORTUNITY HOUSING ORDINANCE (OHO)

In 2019 Bloomington approved the Opportunity Housing Ordinance (OHO) that includes inclusionary zoning standard with both requirements and incentives.

- 9% of new units must be affordable at 60% Area Median Income (AMI)
- Between 2020 and 2024
 - 13 multifamily projects entitled under the OHO
 - 11 projects utilized incentives, most frequently parking stall reduction, tax increment financing, and alternative exterior materials
 - 2 projects paid fee in lieu
 - 616 of the 2,586 units (23%) are affordable up to 60% AMI
 - 322 of the 2,586 units (12%) are affordable up to 50% AMI
 - Producing housing at 30% AMI is the most challenging, typically requiring Housing Choice Voucher program involvement. 40 of the 2,586 units (1.5%) are affordable at 30%.

4. FUND THE FINANCIAL GAP

HOUSING TRUST FUND

In 2019 the City created an affordable housing trust fund and funded it with \$15M in bonds through Old National Bank. The Housing Trust Fund was used to support 5 projects that resulted in 524 new and 306 preserved affordable units.

AFFORDABLE HOMEOWNERSHIP

The City partners to build new affordable homeownership housing. A planned project with Habitat for Humanity and Homes Within Reach will result in 6 new affordable homes. And a grant from Minnesota Housing will fund a new home development program to produce 27 new affordable homes.

REHABILITATION LOANS FOR AFFORDABLE APARTMENTS

On an ongoing basis, the City's HRA works with apartment owners to support renovations that preserve existing affordable units.

PROJECTS FUNDED WITH \$15M IN HOUSING TRUST FUNDS (2020-2024)

Project Name	Loan Amount	Affordable Units Created or Preserved	Subsidy per Affordable Unit
Blooming Meadows	\$7,000,000	306 preserved 172 new	\$16,393
Lyndale Flats	\$1,457,913	81 new	\$17,999
Cadence	\$975,000	68 new	\$14,338
Oxboro Heights	\$2,125,000	75 new	\$28,333
700 American	\$3,426,460	128 new	\$26,769

AFFORDABLE HOUSING IN EAGAN

2021

Lexington Flats



50 units, 50%-60% AMI, one- to three-bedroom units, LIHTC

- Supported increased density and building coverage
- Allowed reduced building and parking setbacks
- City supported low-income tax credit financing
- Low-income housing tax credit financing (LIHTC)



EAGAN

WHERE EVERYONE THRIVES

2022

Aster House



204 units, 30% 50-70% AMI, one- to three-bedroom units, LIHTC-TIF

- Allowed increased density
- Allowed for reduced building setbacks, reduced enclosed parking, and recreation areas
- \$750,000 HOPE loan from local levy source
- City supported use of tax increment financing (TIF) and LIHTC

How does the
City of Eagan
encourage
affordable housing
developments?

2024

Nicols Pointe



24 units, 30% AMI, one-bedroom units, seniors & veterans preference

- Supported reduced parking, storage, and recreation area
- 100% funded by the Dakota County American Rescue Plan (ARP) State and Local Fiscal Recovery Funds

2024

The Haven at Eagandale



120 units, 60-80% AMI, one- to two-bedroom units, conversion of former extended stay hotel

- Waived enclosed parking stalls (120 required)
- Supported reduced parking and reduced trash enclosure setbacks

2025

Veteran's Village

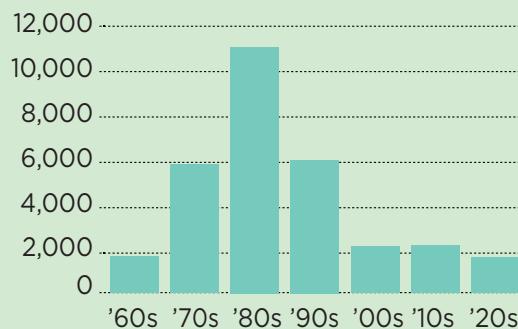


22 units, one- and three-bedroom units, veterans housing

- Increased density
- Reduced building setbacks, enclosed parking, storage space, and recreation area

HOUSING STOCK IN EAGAN

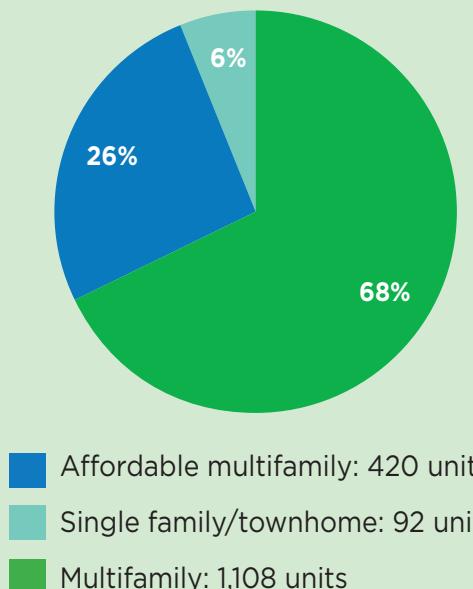
Eagan housing units by year



Affordability

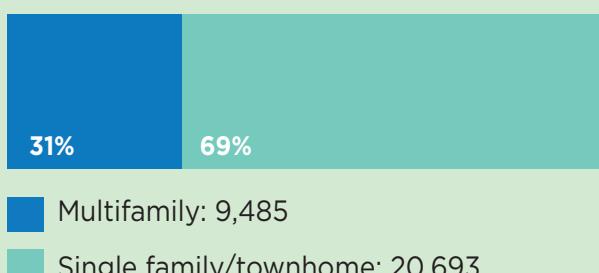
- 45% of all licensed rentals are estimated affordable at 60% or below area median income
- 19% of all ownership housing is valued under \$290K
- 26% of new housing qualified as affordable

New housing units 2020-2024



- Eagan is a fully developed and mature city
- Eagan's housing stock largely constructed in '70s-'90s
- Over 30,100 housing units in the city
- 31% of all units are multifamily
- 1,620 new housing units constructed within the past five years.
- 94% of new housing built within the past five years is multifamily

Total housing units by type



Housing tenure (all units)



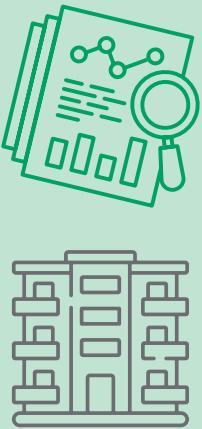
EAGAN
WHERE EVERYONE THRIVES



Edina Housing Demographics

Fast Facts

- 7% of land in Edina is zoned for multifamily housing
- 11% of new multifamily housing is rated "affordable"
- Edina has a housing performance score of 92.99
- 900 affordable units in Edina
- 1,804 affordable housing units are needed in Edina by 2030

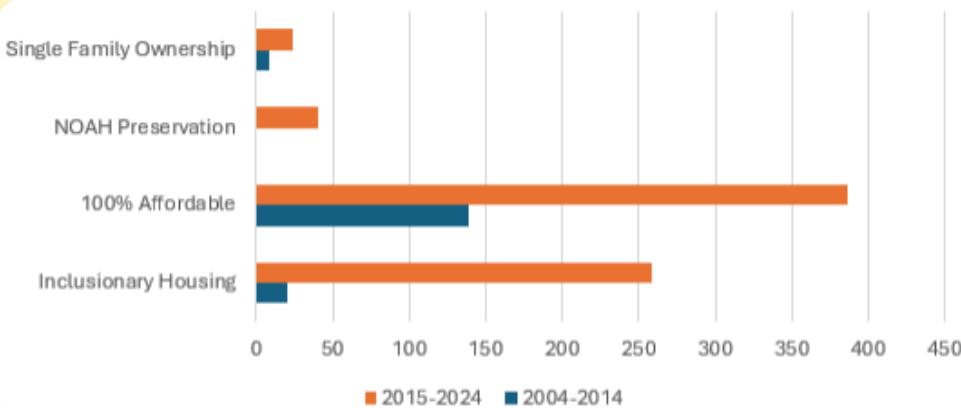


Comprehensive Plan Goals for Affordable Housing

	Forecasted Need	Approved	% of Need
Total Units	1804	586	32.5%
<30% AMI	751	22	2.9%
31-50% AMI	480	260	54.2%
51-80% AMI	573	304	53.1%

Affordable Housing Policy

Affordable Housing Approved Before and After Adoption of the Affordable Housing Policy



Edina's Affordable Housing Policy was adopted in 2015, helping to spur such development and the preservation of naturally occurring affordable housing (NOAH). Not all units that have been approved have been built.



Multifamily Rental

Since 2020, 1,851 apartment units have been developed in Edina, of which 321 (17.3%) are affordable. In this time period, three 100% affordable apartment buildings have been added, breaking a dry spell for such development. Previously, the last all-affordable housing development was built in 2014 with 39 affordable apartments.

Affordable Housing Goals by 2030

Total Rental Units

1.6k

Affordable and Market Rate since 2020

Affordable Housing Units
(Forecasted Need of 1804 Units)

581

1.8k

Units <30% Area Median Income
(Forecasted Need of 751 Units)

22

Units 31-50% AMI
(Forecasted Need of 480 Units)

260

Units 51-80% AMI
(Forecasted Need of 573 Units)

250



Affordable Developments since 2020

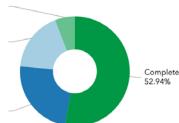
- The Lorient
- Millennium Sixty-Six, Phase 1
- Amundson Flats
- The Sound on 76th
- 4040 Flats
- The Eddi at Pentagon Village
- Maison Green
- 5146 Eden Co-ops
- The Finch
- 5100 Eden Ave
- Affordable Ownership Preservation
- Metro HRA
- 7200 France Apartments

Affordable Housing Type



Single-family housing requires about 6x more City financial assistance per unit than Multi-family.

Affordable Housing Status



Rental Housing Support

- SPARC program
- Tax-increment financing
- Federal-, State- and County-financed projects
- Emergency rental assistance
- Fair Housing Policy
- Tenant Protection Policy

Multifamily Ownership

In 2024, the City approved what could be its first affordable condominium project (A nine-unit co-op approved in 2022 fell through.) Enclave Companies and Lifestyle Communities plan to subdivide the 9-acre site of the current Macy's Furniture & Mattress Gallery at 7235 France Ave. into three separate lots. Four buildings were approved for construction on the site. The southwest parcel will include an 11-story building with 49 senior condominiums, office and retail space.



Single-Family Ownership

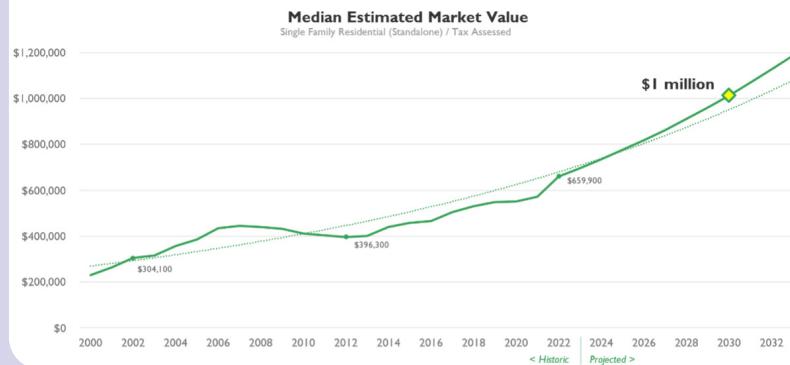
Between 2004 and 2014, Edina added nine single-family houses into a Community Land Trust to secure affordability for 99 years. From 2015 to 20214, the City more than doubled that with 20 additional houses being placed into a Land Trust and sold to eligible buyers.

Since 2020, 72 households have benefited from the Come Home 2 Edina downpayment assistance program, including 12 first-generation homebuyers. (The first-generation homebuyer program was established by the City in 2021.) \$4,137,614 in subordinate mortgage financing was provided, leveraging \$19,245,991 in home purchases.

Housing affordability is at risk in Edina as the median home value in the community continues to increase. It is projected that the median home value in Edina will be \$1 million by 2030.

Housing Affordability At Risk

Example: Single Family Housing Values (Projected)



Stephanie Hawkinson, Affordable
Housing Development Manager
Planning Division
shawkinson@EdinaMN.gov
952-833-9578
OpenDoorsEdina.org



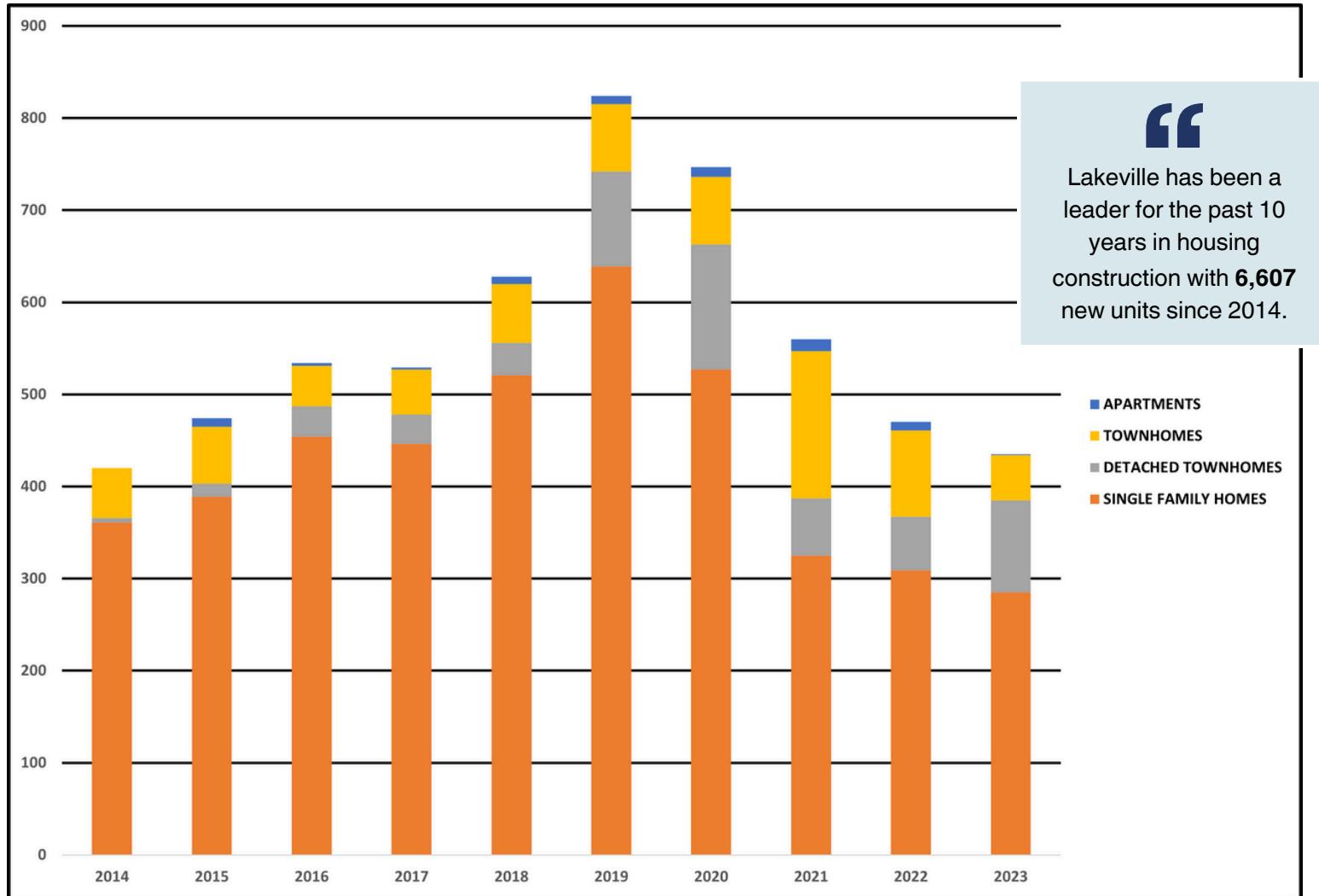
 **OpenDoors**
EDINA



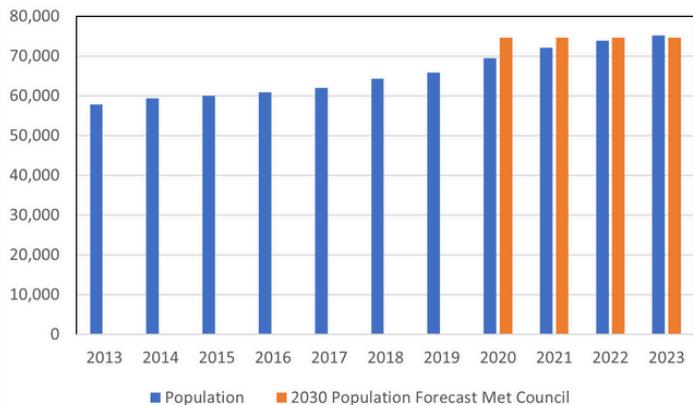
HOUSING SNAPSHOT

Community Values: A home for all ages and stages of life.

Residential Units Permitted



Lakeville's population has grown 9.7% since 2020 and exceeded the Metropolitan Council's 2030 forecast of 74,600 by July 2023.



City of Lakeville Population Data



As we look to the future, Lakeville will continue to be a leader in unit production. The City has **525** available single-family lots and **731** available townhome lots, with an additional **314** single-family and **337** townhome lots waiting for final platting. Altogether, this equates to a total of **1,907** lots in the pipeline ready for builders.

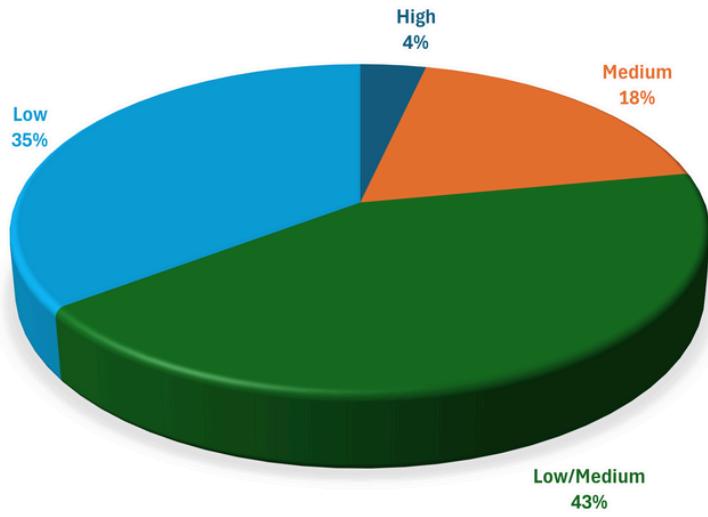


HOUSING SNAPSHOT

Community Values: A home for all ages and stages of life.



Remaining Developable Residential Acres



Lakeville has **1,945** acres available for new residential development. Of this, **77%** of the acres are available for single family with lots as small as 55' wide. The remaining **22%** of acres are available for higher density development, like townhomes and apartments.

Lakeville has added over **1,500** multi-family units, of which 25% are affordable, to its housing stock in the last seven years and continues to support new apartment projects. Currently, the City has **460** units with entitlements moving through our development pipeline.



- Lakeville has expanded programs to **maintain and rehabilitate existing housing**.
 - Community Development Block Grant funds are requested annually to assist residents with home rehabilitation.
 - The City Council approved the use of Local Affordable Housing Aid funds for home improvement and radon mitigation grants.
- Lakeville operates a **residential rental registration program** to ensure rental housing is decent, safe and sanitary.
 - The program builds strong partnerships with rental property owners.
 - Registration is free for property owners.
 - Over 650 properties have registered since December 2023.



20195 Holyoke Avenue, Lakeville, MN 55044



LakevilleMN.gov

Minnetonka Housing Demographics



Minnetonka HOUSING

Minnetonka was one of the first communities to participate in the Livable Communities Act when the Minnesota legislature created it 30 years ago. In that time, the city has continued to lead the way in developing and achieving comprehensive plan housing goals.

GOAL 1

Encourage diversity of affordable housing types, sizes and prices

Rental housing support

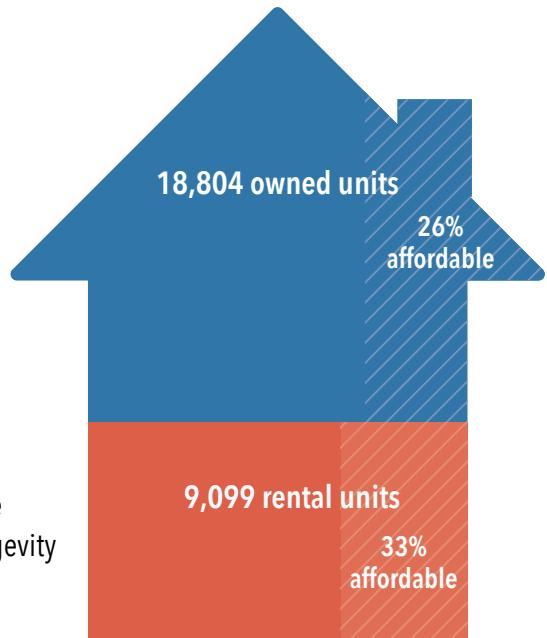
- Affordable Housing Trust Fund
- TIF funding
- State and federally financed projects
- Housing policy
- Rental assistance

GOAL 2

Create partnerships and programs to ensure affordable housing longevity

Housing ownership support

- HRA Home Loans
- Pathways to Homeownership
- CDBG Loans
- Homes Within Reach program
- Indexing (limit resale price)
- City-owned properties



Minnetonka prioritizes housing production affordability.

2011-20 Minnetonka Livable Communities Act Affordable Housing Goals

	GOAL	RESULTS
New affordable units (rental and ownership)	246-378	679 (276% achieved)
New lifecycle unit	375-800	1,655 (441% achieved)

2021-30 Minnetonka Livable Communities Act Affordable Housing Goals

	GOAL	RESULTS
New affordable units (rental & ownership)	558-1064	752 (135% achieved to date)
New lifecycle units	2400	1,336 (55% achieved to date)



In the past five years, 2,809 multi-unit households have been added in the city; 28 percent are affordable.

GOAL 3

Strengthen neighborhoods through improving and preserving existing housing stock

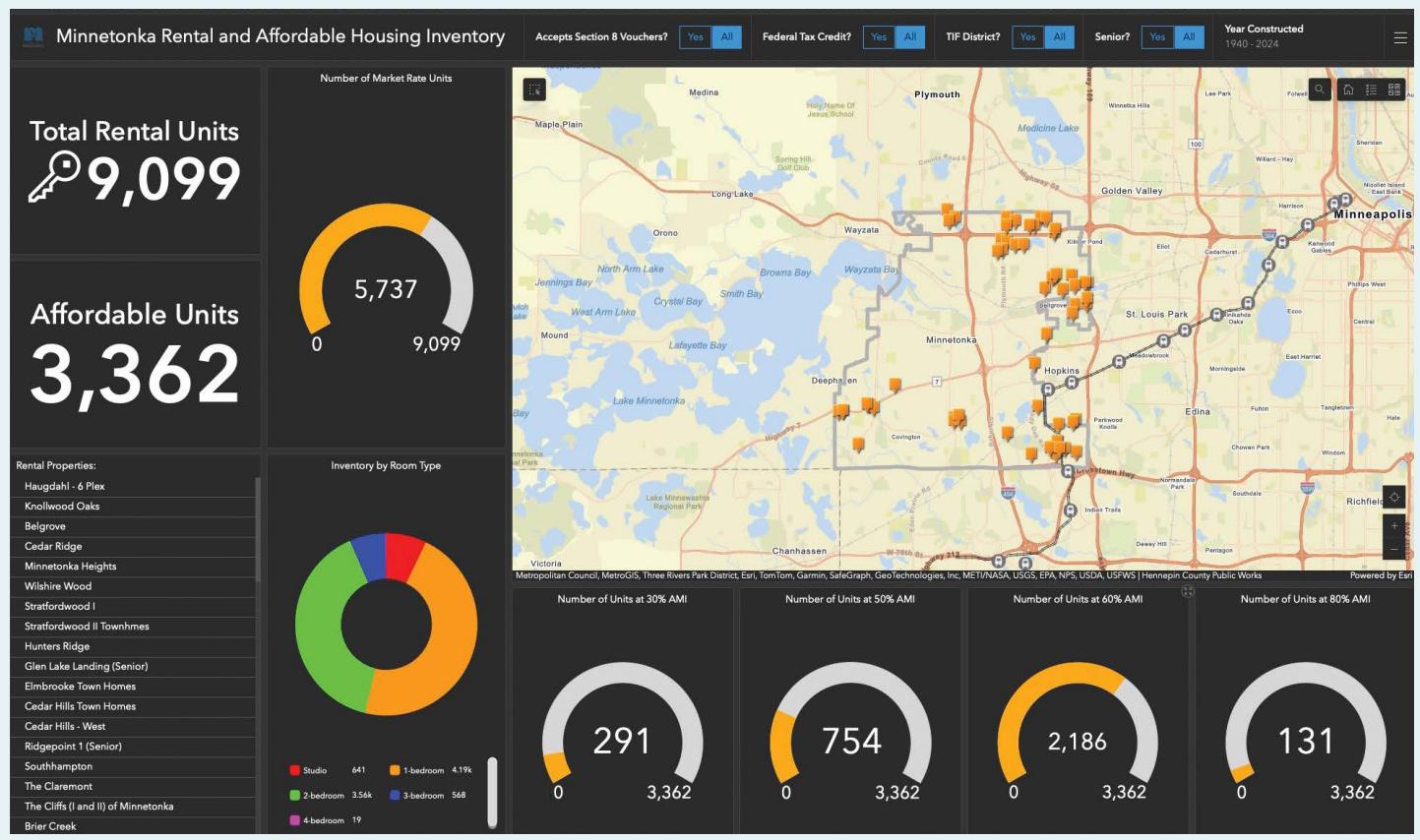
Minnetonka's housing trust fund helped support the rehabilitation of Cedar Hills Townhomes, improving the living conditions and sustainability of the development for 30 very low-income families.



GOAL 4

Provide and promote affordability information

The housing dashboard helps identify affordable options across the community, including rentals, townhomes and condos and senior living options. A third of the city's rental units are affordable.

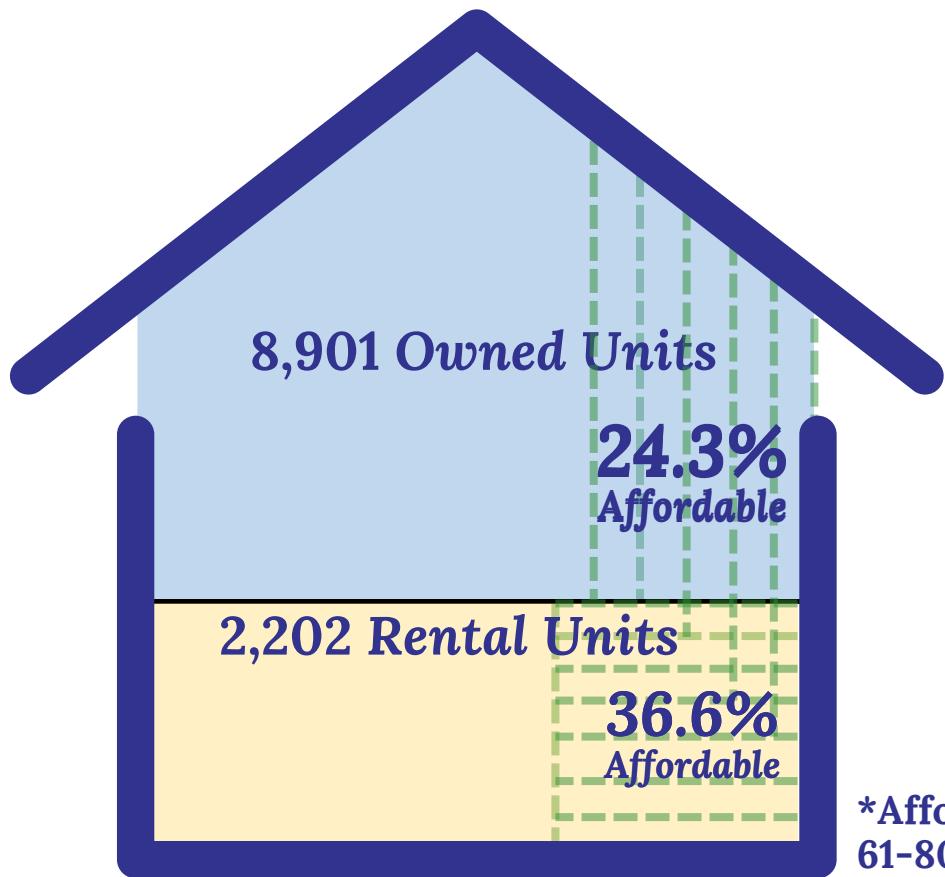


Julie Wischnack, FAICP
Community Development Director
jwischnack@minnetonkamn.gov
952-939-8282

PRIOR LAKE HOUSING



CURRENT CONDITIONS



*Affordable
61-80% AMI

11,103
TOTAL HOUSING UNITS



PRIOR LAKE HOUSING



NEW CONSTRUCTION 2015-2024



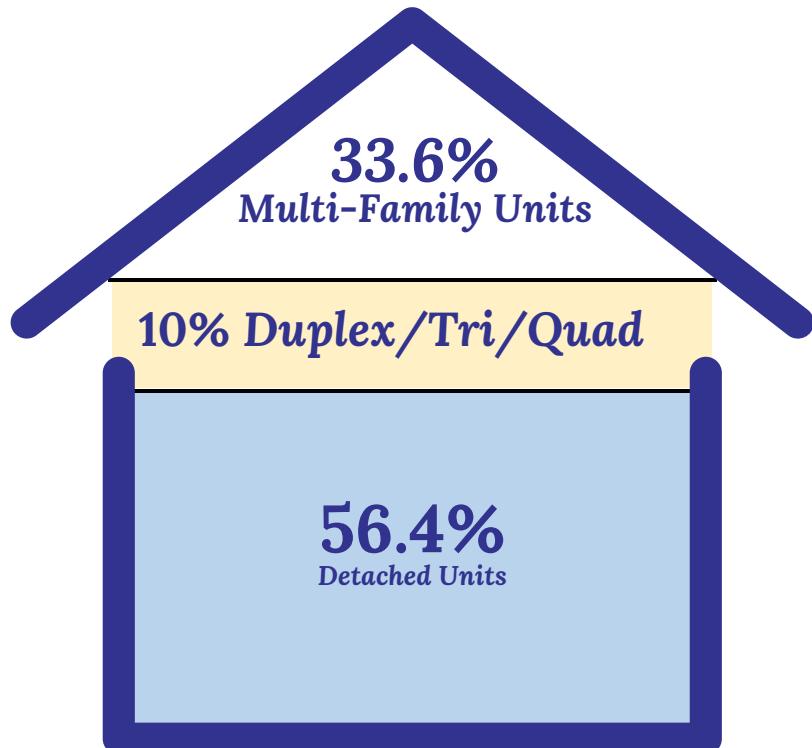
Grainwood Senior Living
168-unit subsidized affordable
apartment building for adults 55+



Pike Lake Marsh is a 68-unit subsidized
workforce housing apartment building



Scott County Specialized Emergency Family Housing will provide 14-units for temporary homeless family housing and to be constructed in 2025.



1,894
TOTAL HOUSING
UNITS



Towering Woods Townhomes is a development of 12 attached townhome units being constructed by Twin Cities Habitat for Humanity.



March 10, 2025

Dear Chair Port and Members of the Senate Housing and Homelessness Prevention Committee:

The League of Minnesota Cities, Coalition of Greater Minnesota Cities, Metro Cities, Minnesota Association of Small Cities, and Municipal Legislative Commission appreciate the opportunity to provide comments on SF 2229-Port, SF 2286-Clark, SF 2232-Boldon, and SF 1286-Fateh, that are scheduled for hearings this week.

While our associations greatly appreciate the work by policymakers to address housing needs across the state, we continue to have significant concerns regarding these bills. The bills contain a sweeping preemption of longstanding city zoning and land use authorities and would broadly restrict cities in managing local community needs and circumstances. The bills represent a lack of understanding for how cities utilize local policies and ordinances to provide for local public health and safety, ensure compatibility of land uses, and provide basic public infrastructure and services. We are concerned that these proposed policies and requirements would unnecessarily and unwisely undermine the local work cities are currently doing to address housing, as well as other needs.

Cities recognize the deep, ongoing need for adequate and affordable housing and are addressing these needs through local planning, tools and resources, state program funding and local engagement so as to effectively respond to housing needs across the spectrum. Setting land use and zoning policy to manage and balance community needs and land uses is a core local function, just as adequate infrastructure capacity, the protection of natural resources and building integrity and preservation, are core local functions. Addressing housing affordability and availability must be locally driven to account for the wide variety of circumstances, fiscal and physical constraints, and service capacities that are local in nature, and inform local decision-making to ensure decisions are balanced and responsive to the local community.

The local implementation of many if not most provisions in these bills would be difficult to achieve and could have the opposite effect of what we understand the intent of these bills to be. Cities have been making changes to zoning and land use policies that make sense for their community as well as creating incentives to support needed housing development. We are concerned that these bills would usurp years of planning, work, and community input that is by nature highly complex, nuanced and local.

Below are concerns our associations have with many of the specific provisions in bills. We recognize that there will be amendments to bills, and we will respond as those are considered. We have attempted to avoid restating concerns for provisions in one bill that are similar or identical to provisions in other bills.

SF 2229 (Port) - "Starter Homes" Bill

- Section 2 would give broad exemptions for comprehensive plan amendments that may have inadvertent consequences for the bill's premise. The language also appears to conflate long term comprehensive planning with local zoning. These changes would also appear to conflict with regional planning for sewer, transportation, parks and other regional infrastructure.
- Section 4 of SF 2229 would require duplexes and ADUs in zoning districts that permit a residential use and allow for townhouses to be permitted in newly platted and vacant lots as a

permitted use. This precludes consideration for where higher density development may be most optimal in a community with sufficient infrastructure to support it.

- Section 4 sets strict standards related to setback limits, minimum lot sizes, and maximum lot coverage requirements. For example, the side setback requirement to be 7.5 feet on each side is heavily prescriptive and would be unable to accommodate a city's need for services to drainage ditches, water and sewer lines. Cities require access to these for maintenance and emergency purposes.
- Lot sizes that require a 125% multiplier on existing lot size to be applied is again preclusive of local decision making, may inadvertently encourage sprawl, and creates stormwater concerns that cities must address under state and federal law due to impervious surface coverage.
- Section 4, subdivision 2 lines 3.21-3.25. We appreciate language regarding state and federal environmental and historic concerns. The reference to Chapter 103B should be added, as those joint water plans often apply to city stormwater management and land use designations.
- 4.20-4.23: Broad references to "building egress", "light access requirements", and undefined "architectural design elements" will likely invite litigation and eliminate planning for pedestrian friendly designs and buildings that do not consequentially affect neighboring properties. This should be limited to façade materials and building components.
- 4.24-4.26: Parking requirements must be locally determined to manage safety and spillover effects
- Lines 4.27-5.9: HOAs: Common areas typically have common ownership requiring an HOA to ensure proper and equitable management of property for maintenance and safety. Cities need to be able to require an HOA to ensure that any property mismanagement, neglect or dilapidation do not become the responsibility of taxpayers.
- Section 4, Subdivision 4: Requiring cities to create an administrative approvals process regardless of size, resources, and staffing is not workable and should be permissive. We have concerns about transparency and limiting resident input on new developments.
- Section 4, Subdivision 5: Overall, this language is overly broad and unclear on the definitions of "performance conditions", "fees", or "dedications."
- Section 4, Subdivision 6: Requiring a 1-1-26 effective date for interim ordinances, while also disallowing cities from adopting interim ordinances is confusing and ignores the purpose of these ordinances in allowing time to study the effects of local policies.

SF 2286 (Clark) Multifamily Housing in Commercial Districts

- Sections 1 & 2: Similar concerns as noted for SF 2229-Port. In addition, the language prohibiting cities from considering traffic, noise or nuisance concerns for developments with less than 300 units virtually excludes all Greater Minnesota housing development from these considerations.
- Section 3: The bill requires that residential developments be permitted in any zoning district allowing commercial uses other than heavy industrial and precludes stakeholder engagement. This has concerning implications for a city's ability to diversify their tax base to lift the property

tax burden from residential property, and may have impacts for how far residents have to travel for goods and services.

- We appreciate language allowing cities to establish local controls for developments that replace existing commercial or industrial structures, however language overall remains broadly prescriptive.
- Line 3.28: The bill sets strict standards related to floor area ratios. Under the bill, a floor area ratio of 2.5 or greater would seem to effectively gut most floor area ratio requirements. Allowing total building floor area of 2.5 times lot size is a substantial increase in building volume.
- Lines 3.29 – 4.8: The height limitation language is especially problematic for cities under 10,000 in the metropolitan area to accommodate. Additionally, what all other cities must allow seems overly complex and it may be challenging for some to readily figure out. We recommend language to address scalability and compatibility.

Section 3, Subdivision 4: We have concerns with language that stipulates a city's failure to deny a building permit or subdivision request within 60 days provided results in an automatic approval. These are particularly challenging for smaller cities and could lead to approvals for unsuitable projects. Cities need to ensure structural integrity and project compatibility, and this provision could lead to the perverse effect of permit denial if a city does not have sufficient time to ensure infrastructure adequacy, and this system could be manipulated by an unsavory applicant

- Section 3, Subdivision 6: Similar concerns as noted for SF 2229-Port.
- Section 3, Subdivision 7: Similar concerns as noted for SF 2229-Port.

SF 2231 (Boldon) – Mixed-Use Housing Zones

Sections 1 & 2: Similar concerns as noted for SF 2229-Port.

Lines 2.16-2.18: While we appreciate language on scalability for first-, second-, and third-class cities, this language is problematic for cities under 10,000 population in the metropolitan area.

Section 3, Subdivision 2: We appreciate language allowing a city to enact an ordinance related to mixed-use housing zones, and the extension to June 30, 2027, but continue to have significant concerns with requiring municipalities to create mixed-use housing zones that authorize a residential or mixed-use development either:

- o containing **three** residential units on a lot as a permitted use in an area covering 80 percent of land within one-half mile of a municipal state aid street (MSAS) or:
- o allowing **four** residential units on a lot in an area covering 80 percent of the land within the city that is within one-quarter mile of a MSAS street.

Arbitrarily tying density to MSAS streets contradicts local planning to serve current and future residents.

Section 3, Subdivision 3: This section requires a city to authorize the following housing types in residential mixed-use housing zones: single-family, townhouse, duplex, triplex, fourplex, ADUs, and mixed-use developments.

- This section also requires “zones” to allow for a density of at least 25 units per acre, strict lot coverage, setbacks, height, and minimum lot size requirements.
- Language eliminates reasonable standards for density, lot coverage, setbacks, and height.
- The elimination of the ability for a city to set minimum side setbacks is particularly concerning related to EMS vehicle access.
- Strict lot coverage limits will adversely affect storm water, lake, and river health.

Lines 5.9 – 5.12: Similar concerns as noted for SF 2229-Port.

Lines 5.13 – 5.26: Similar concerns as noted for SF 2229-Port.

Section 3, Subdivision 4: Similar concerns as noted for SF 2229-Port.

Section 3, Subdivision 5: Similar concerns as noted for SF 2229-Port.

Section 3, Subdivision 6: This section, which states that if a city fails to adopt new standards that meet the requirements of the bill by June 30, 2027, up to six residential units must be allowed without restriction on any lot within one-half mile of a municipal state-aid street or zoning district authorizing mixed-use developments, is inexplicably punitive and ignores local circumstances and constraints.

Section 3, Subdivision 7: Similar concerns as noted for SF 2229-Port.

SF 1268 (Fateh) – Eliminating the Ability for Cities to Set Minimum Parking Requirements

- We have broad concerns with this bill, as it would eliminate the ability for cities to set minimum parking requirements. Parking requirements must be set locally to manage safety and spillover effects.

Thank you for consideration of our concerns. We appreciate the committee’s work on these issues and the ongoing engagement with our associations. Addressing housing requires policy that accommodates local needs and constraints, public funding to address housing needs not met by the private market and partnerships that recognize the connected but separate roles for the public, private and non-profit sectors in the provision of housing.

We look forward to continuing to work with the committee to identify ways to preserve local decision-making flexibility and incentives-based approaches that provide cities with support in their efforts to address housing needs.

Sincerely,

Daniel Lightfoot
League of Minnesota Cities

Ania McDonnell
Metro Cities

Elizabeth Wefel
Coalition of Greater Minnesota Cities

Tom Poul
Municipal Legislative Commission

Patricia Nauman
Metro Cities

Cap O’Rourke
Minnesota Association of Small Cities

Bradley Peterson
Coalition of Greater Minnesota Cities



March 10, 2025

Dear Chair Igo and Members of the House Housing Finance and Policy Committee:

The League of Minnesota Cities, Coalition of Greater Minnesota Cities, Metro Cities, Minnesota Association of Small Cities, and Municipal Legislative Commission appreciate the opportunity to provide comments on HF 1987 - Igo, HF 2013 - Nash, HF 2140 - Kraft, and HF 2018 - Kozlowski, that are scheduled for hearings this week.

While our associations greatly appreciate the work by policymakers to address housing needs across the state, we continue to have significant concerns regarding these bills. The bills contain a sweeping preemption of longstanding city zoning and land use authorities and would broadly restrict cities in managing local community needs and circumstances. The bills represent a lack of understanding for how cities utilize local policies and ordinances to provide for local public health and safety, ensure compatibility of land uses, and provide basic public infrastructure and services. We are concerned that these proposed policies and requirements would unnecessarily and unwisely undermine the local work cities are currently doing to address housing, as well as other needs.

Cities recognize the deep, ongoing need for adequate and affordable housing and are addressing these needs through local planning, tools and resources, state program funding and local engagement so as to effectively respond to housing needs across the spectrum. Setting land use and zoning policy to manage and balance community needs and land uses is a core local function, just as adequate infrastructure capacity, the protection of natural resources and building integrity and preservation, are core local functions. Addressing housing affordability and availability must be locally driven to account for the wide variety of circumstances, fiscal and physical constraints, and service capacities that are local in nature, and inform local decision-making to ensure decisions are balanced and responsive to the local community.

The local implementation of many if not most provisions in these bills would be difficult to achieve and could have the opposite effect of what we understand the intent of these bills to be. Cities have been making changes to zoning and land use policies that make sense for their community as well as creating incentives to support needed housing development. We are concerned that these bills would usurp years of planning, work, and community input that is by nature highly complex, nuanced and local.

Below are concerns our associations have with many of the specific provisions in bills. We recognize that there will be amendments to bills, and we will respond as those are considered. We have attempted to avoid restating concerns for provisions in one bill that are similar or identical to provisions in other bills.

HF 1987 (Igo) - "Starter Homes" Bill

- Section 2 would give broad exemptions for comprehensive plan amendments that may have inadvertent consequences for the bill's premise. The language also appears to conflate long term comprehensive planning with local zoning. These changes would also appear to conflict with regional planning for sewer, transportation, parks and other regional infrastructure.
- Section 4 would require duplexes and ADUs in zoning districts that permit a residential use and allow for townhouses to be permitted in newly platted and vacant lots as a permitted use. This

precludes consideration for where higher density development may be most optimal in a community with sufficient infrastructure to support it.

- Section 4 sets strict standards related to setback limits, minimum lot sizes, and maximum lot coverage requirements. For example, the side setback requirement to be 7.5 feet on each side is heavily prescriptive and would be unable to accommodate a city's need for services to drainage ditches, water and sewer lines. Cities require access to these for maintenance and emergency purposes.
- Lot sizes that require a 125% multiplier on existing lot size to be applied is again preclusive of local decision making, may inadvertently encourage sprawl, and creates stormwater concerns that cities must address under state and federal law due to impervious surface coverage.
- Section 4, subdivision 2 lines 3.21-3.25. We appreciate language regarding state and federal environmental and historic concerns. The reference to Chapter 103B should be added, as those joint water plans often apply to city stormwater management and land use designations.
- 4.20-4.23: Broad references to "building egress", "light access requirements", and undefined "architectural design elements" will likely invite litigation and eliminate planning for pedestrian friendly designs and buildings that do not consequentially affect neighboring properties. This should be limited to façade materials and building components.
- 4.24-4.26: Parking requirements must be locally determined to manage safety and spillover effects
- Lines 4.27-5.9: HOAs: Common areas typically have common ownership requiring an HOA to ensure proper and equitable management of property for maintenance and safety. Cities need to be able to require an HOA to ensure that any property mismanagement, neglect or dilapidation do not become the responsibility of taxpayers.
- Section 4, Subdivision 4: Requiring cities to create an administrative approvals process regardless of size, resources, and staffing is not workable and should be permissive. We have concerns about transparency and limiting resident input on new developments.
- Section 4, Subdivision 5: Overall, this language is overly broad and unclear on the definitions of "performance conditions", "fees", or "dedications."
- Section 4, Subdivision 6: Requiring a 1-1-26 effective date for interim ordinances, while also disallowing cities from adopting interim ordinances is confusing and ignores the purpose of these ordinances in allowing time to study the effects of local policies.

HF 2013 (Nash) Broad Limitation on City Requirements for Construction Materials and Methods

- This bill as amended by the DE1 contains broad references to "building egress", "light access requirements", and undefined "architectural design elements" will likely invite litigation and eliminate planning for pedestrian friendly designs and buildings that do not consequentially affect neighboring properties. Eliminating light access requirements means that you could have windowless sides of houses. This bill should be limited to façade materials and building components.

HF 2018 (Kozlowski) Multifamily Housing in Commercial Districts

- Sections 1 & 2: Similar concerns as noted for HF 1987. In addition, the language prohibiting cities from considering traffic, noise or nuisance concerns for developments with less than 300 units virtually excludes all Greater Minnesota housing development from these considerations.
- Section 3: The bill requires that residential developments be permitted in any zoning district allowing commercial uses other than heavy industrial and precludes stakeholder engagement. This has concerning implications for a city's ability to diversify their tax base to lift the property tax burden from residential property, and may have impacts for how far residents have to travel for goods and services.
- We appreciate language allowing cities to establish local controls for developments that replace existing commercial or industrial structures, however language overall remains broadly prescriptive.
- Line 3.28: The bill sets strict standards related to floor area ratios. Under the bill, a floor area ratio of 2.5 or greater would seem to effectively gut most floor area ratio requirements. Allowing total building floor area of 2.5 times lot size is a substantial increase in building volume.
- Lines 3.29 – 4.8: The height limitation language is especially problematic for cities under 10,000 in the metropolitan area to accommodate. Additionally, what all other cities must allow seems overly complex and it may be challenging for some to readily figure out. We recommend language to address scalability and compatibility.

Section 3, Subdivision 4: We have concerns with language that stipulates a city's failure to deny a building permit or subdivision request within 60 days provided results in an automatic approval. These are particularly challenging for smaller cities and could lead to approvals for unsuitable projects. Cities need to ensure structural integrity and project compatibility, and this provision could lead to the perverse effect of permit denial if a city does not have sufficient time to ensure infrastructure adequacy, and this system could be manipulated by an unsavory applicant

- Section 3, Subdivision 6: Similar concerns as noted for HF 1987-Igo.
- Section 3, Subdivision 7: Similar concerns as noted for HF 1987-Igo.

HF 2140 (Kraft) – Mixed-Use Housing Zones

Sections 1 & 2: Similar concerns as noted for HF 1987-Igo.

Lines 2.16-2.18: While we appreciate language on scalability for first-, second-, and third-class cities, this language is problematic for cities under 10,000 population in the metropolitan area.

Section 3, Subdivision 2: We appreciate language allowing a city to enact an ordinance related to mixed-use housing zones, and the extension to June 30, 2027, but continue to have significant concerns with requiring municipalities to create mixed-use housing zones that authorize a residential or mixed-use development either:

- o containing **three** residential units on a lot as a permitted use in an area covering 80 percent of land within one-half mile of a municipal state aid street (MSAS) or:

- allowing **four** residential units on a lot in an area covering 80 percent of the land within the city that is within one-quarter mile of a MSAS street.

Arbitrarily tying density to MSAS streets contradicts local planning to serve current and future residents.

Section 3, Subdivision 3: This section requires a city to authorize the following housing types in residential mixed-use housing zones: single-family, townhouse, duplex, triplex, fourplex, ADUs, and mixed-use developments.

- This section also requires “zones” to allow for a density of at least 25 units per acre, strict lot coverage, setbacks, height, and minimum lot size requirements.
- Language eliminates reasonable standards for density, lot coverage, setbacks, and height.
- The elimination of the ability for a city to set minimum side setbacks is particularly concerning related to EMS vehicle access.
- Strict lot coverage limits will adversely affect storm water, lake, and river health.

Lines 5.9 – 5.12: Similar concerns as noted for HF 1987-Igo.

Lines 5.13 – 5.26: Similar concerns as noted for HF 1987-Igo.

Section 3, Subdivision 4: Similar concerns as noted for HF 1987-Igo.

Section 3, Subdivision 5: Similar concerns as noted for HF 1987-Igo.

Section 3, Subdivision 6: This section, which states that if a city fails to adopt new standards that meet the requirements of the bill by June 30, 2027, up to six residential units must be allowed without restriction on any lot within one-half mile of a municipal state-aid street or zoning district authorizing mixed-use developments, is inexplicably punitive and ignores local circumstances and constraints.

Section 3, Subdivision 7: Similar concerns as noted for HF 1987-Igo.

Thank you for consideration of our concerns. We appreciate the committee’s work on these issues and the ongoing engagement with our associations. Addressing housing requires policy that accommodates local needs and constraints, public funding to address housing needs not met by the private market and partnerships that recognize the connected but separate roles for the public, private and non-profit sectors in the provision of housing.

We look forward to continuing to work with the committee to identify ways to preserve local decision-making flexibility and incentives-based approaches that provide cities with support in their efforts to address housing needs.

Sincerely,

Daniel Lightfoot
League of Minnesota Cities

Tom Poul
Municipal Legislative Commission

Bradley Peterson
Coalition of Greater Minnesota Cities

Ania McDonnell
Metro Cities

Patricia Nauman
Metro Cities

Elizabeth Wefel
Coalition of Greater Minnesota Cities

Cap O’Rourke
Minnesota Association of Small Cities

MLC Cities

March 12, 2025

Apple Valley

Bloomington

Burnsville

Chanhassen

Eagan

Eden Prairie

Edina

Golden Valley

Inver Grove Heights

Lakeville

Maple Grove

Minnetonka

Plymouth

Prior Lake

Rosemount

Shakopee

Shoreview

Woodbury

Dear Chair Port and Members of the Senate Housing and Homelessness Prevention Committee:

On behalf of the Municipal Legislative Commission (MLC), a coalition of 18 cities with nearly one million residents in the seven-county metropolitan region, we welcome the opportunity to provide feedback on SF 1750.

We commend the efforts of the authors and their colleagues on the legislative Working Group on Common Interest Communities (CIC) and Homeowners Associations (HOA) to improve CIC/HOA transparency and accountability, and appreciate the amendment clarifying city oversight of private infrastructure that was adopted in the House and will be offered by Sen. Lucero. However, we remain concerned about Article 3, which includes an outright ban on requiring HOAs for common property management.

Cities do not mandate private common elements or HOAs in the development approval process; these decisions rest entirely with developers. However, when developers opt to include common areas like stormwater ponds, private streets, pools and playgrounds in residential developments, HOAs are typically established to manage them.

To ensure the proper upkeep of private common areas, cities often require maintenance agreements. Maintaining these common elements is necessary to prevent blight, preserve property values, and avoid negative impacts on public infrastructure. The broad preemption proposed in Article 3 of this bill could force cities to assume responsibility for common areas that should remain private, unfairly burdening municipal taxpayers with maintenance costs for privately owned infrastructure and amenities.

As the legislature addresses challenges related to CICs and HOAs, it is critical to preserve cities' authority to oversee private infrastructure without forcing them to take on maintenance of these privately owned common areas.

Thank you for your consideration of these important issues. We look forward to working with you, other local government associations, and stakeholders as this legislation moves forward.

Sincerely,



James Hovland
Chair, MLC
Mayor, City of Edina

CC: Rep. Kristin Bahner
Sen. Eric Lucero

MLC Cities

Apple Valley
Bloomington
Burnsville
Chanhassen
Eagan
Eden Prairie
Edina
Golden Valley
Inver Grove Heights
Lakeville
Maple Grove
Minnetonka
Plymouth
Prior Lake
Rosemount
Shakopee
Shoreview
Woodbury

April 29, 2025

Dear Chair Xiong and Members of the Senate State & Local Government Committee:

On behalf of the Municipal Legislative Commission (MLC), a group of 18 suburban cities representing nearly one million residents, I am writing to express our strong opposition to the proposed delete-all amendment to SF 2229. While we support the Legislature's broader goal of increasing housing availability and affordability, this amendment significantly undermines local authority, sidelines resident input, and imposes sweeping mandates that will disrupt thoughtful development and infrastructure planning in our cities.

Our specific concerns include:

Section 4 – Parking Restrictions: This provision would prohibit cities from requiring more than one parking space per residential unit, regardless of local transit access, walkability, or community development context. This blanket restriction, which overlooks the fact that many Minnesota households own two vehicles, will lead to chronic underparking—forcing more cars onto streets not designed for dense on-street parking. The result will be increased safety risks, operational challenges, and added strain on essential city services like snow removal and emergency response. Cities must retain the flexibility to set parking standards that reflect their unique infrastructure and community needs.

Section 5 – Homeowners Associations (HOAs): This language prohibits cities from conditioning development approvals on services or features that would require a homeowner's association. This opens the door for developers to shift maintenance responsibilities for private infrastructure—like fencing, stormwater facilities, and landscaping—onto the city and its taxpayers. Cities could be forced to accept responsibility for maintaining features that have historically been managed privately, creating long-term fiscal and operational liabilities. This provision is likely to create standoffs between cities and developers over infrastructure responsibility.

Section 6 – Elimination of Design and Aesthetic Standards: This section would prohibit cities from applying reasonable design standards to *all* residential development—including large multifamily projects. It would block requirements for architectural elements, pedestrian orientation, building elevations that help ensure compatibility with surrounding neighborhoods and support important goals like stormwater management and pedestrian access.

These standards are essential tools for cities to guide development that fits the scale and character of the community. They also help establish a consistent baseline of quality across all housing types, preventing affordable and market-rate housing from looking noticeably different based solely on the income of the people who live there. By allowing exemptions only when a city can prove a direct threat to public health or safety—an unclear and litigation-prone standard—this provision undermines cities’ ability to plan thoughtfully, fairly, and effectively.

Section 7 – Administrative Review Process: This provision would impose a one-size-fits-all administrative approval process for all residential development, eliminating public hearings and replacing them with, at most, two non-binding community meetings. This removes meaningful opportunities for resident input and weakens local accountability. Even more concerning, the language appears to prohibit cities from requiring exactions, dedications, or fees—potentially eliminating authority to collect park dedication fees, greenspace contributions, water and sewer connection charges, and other development-related fees. These tools are essential for cities to fund critical infrastructure and ensure that new developments pay their fair share toward public amenities. Stripping this authority would shift the burden to existing taxpayers.

The MLC has actively engaged in housing policy discussions during the interim and throughout the 2025 session. We support meaningful reforms to promote additional housing development, including proposals to expand the use of TIF for affordable housing, allow for accessory dwelling units, modify the use of aesthetic design standards, and achieve higher density development through incentive-based approaches. However, this amendment removes important local tools, weakens public input, and shifts cost burdens onto existing residents.

We respectfully urge the committee to vote against the delete-all amendment to SF 2229. We remain committed to collaborating on solutions that enhance housing availability and affordability while preserving local decision-making and community engagement.

Thank you for your consideration.

Sincerely,



James Hovland
Chair, MLC
Mayor, City of Edina

Affordable Housing Resources

Apple Valley collaborates closely with agencies such as the [Dakota County CDA](#) to offer affordable housing opportunities and resources to both [renters and first-time homebuyers](#).

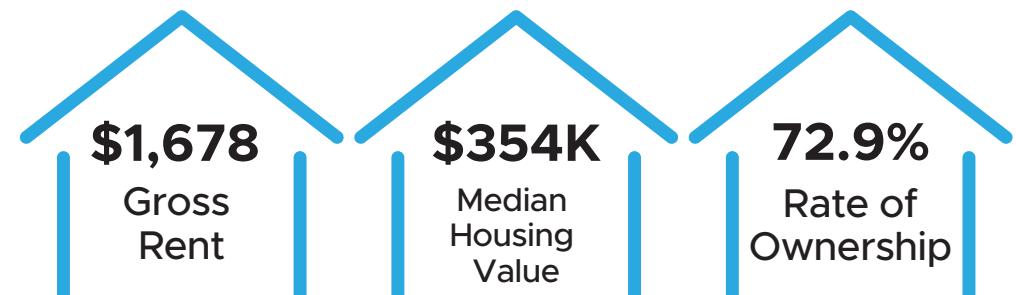


Homeownership Support

- First-time homebuyer loans
- Downpayment assistance
- Homebuyer education
- Rental housing registration

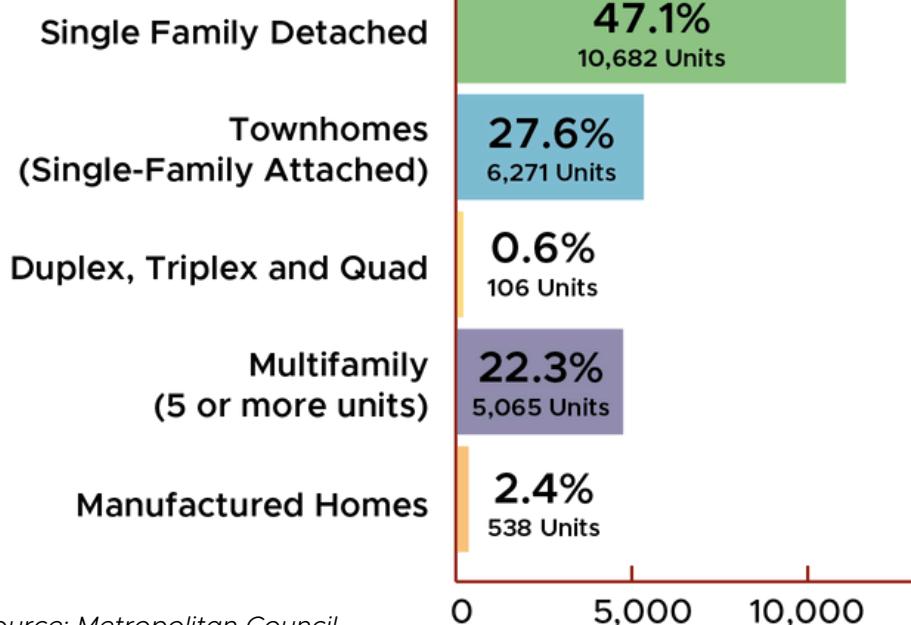
Renting Support

- Rental housing vouchers
- Senior housing
- Workforce housing
- Rental housing registration



Housing and Development Snapshot

Housing Units By Type



Source: Metropolitan Council



Apple Valley offers a variety of housing options, including affordable choices. Between 2015 and 2023, [1,417 multi-family housing units](#) were built.

We are committed to promoting [affordable housing](#) through redevelopment and infill projects, particularly along transit corridors, ensuring convenient and sustainable living for all residents.

Affordable Housing in Apple Valley



In Apple Valley, approximately 20% of all housing serves those who make up to 60% of the Area Median Income (AMI).

Affordable Housing Units Based on AMI

% AREA MEDIAN INCOME (AMI)	OWNED UNITS	RENTAL UNITS
Affordable at or below 30% of AMI	185	271
Affordable at 31-50% of AMI	877	545
Affordable at 51-60% of AMI	1,226	1,301

The above chart shows housing in Apple Valley at or below 60% of the AMI.
Source: Metropolitan Council



Our Goals for Affordable Housing

Expand Affordable Housing:

Partner with local and regional organizations to ensure equitable access to affordable housing for all.

Diverse Housing Options:

Provide a variety of housing choices to accommodate all demographics and community needs.

Sustainable Development:

Promote quality housing that respects the environment, enhances resident health, safety, and security.

Energy Efficiency:

Encourage the reduction of greenhouse gas emissions, adoption of renewable resources, and increased energy independence for homeowners and renters.

Property Maintenance and Investment:

Support maintenance, remodeling, and investment in all housing types to maintain vibrant communities.

Source: City of Apple Valley 2040 Comprehensive Plan

We strive to provide diverse, affordable housing for all demographics through partnerships and supportive policies, promote sustainable and energy-efficient developments, and ensure all residences are well-maintained, safe.



AFFORDABLE HOUSING IN EAGAN

2021

Lexington Flats



50 units, 50%-60% AMI, one- to three-bedroom units, LIHTC

- Supported increased density and building coverage
- Allowed reduced building and parking setbacks
- City supported low-income tax credit financing
- Low-income housing tax credit financing (LIHTC)



EAGAN

WHERE EVERYONE THRIVES

2022

Aster House



204 units, 30% 50-70% AMI, one- to three-bedroom units, LIHTC-TIF

- Allowed increased density
- Allowed for reduced building setbacks, reduced enclosed parking, and recreation areas
- \$750,000 HOPE loan from local levy source
- City supported use of tax increment financing (TIF) and LIHTC

How does the City of Eagan encourage affordable housing developments?

2024

Nicols Pointe



24 units, 30% AMI, one-bedroom units, seniors & veterans preference

- Supported reduced parking, storage, and recreation area
- 100% funded by the Dakota County American Rescue Plan (ARP) State and Local Fiscal Recovery Funds

2024

The Haven at Eagandale



120 units, 60-80% AMI, one- to two-bedroom units, conversion of former extended stay hotel

- Waived enclosed parking stalls (120 required)
- Supported reduced parking and reduced trash enclosure setbacks

2025

Veteran's Village

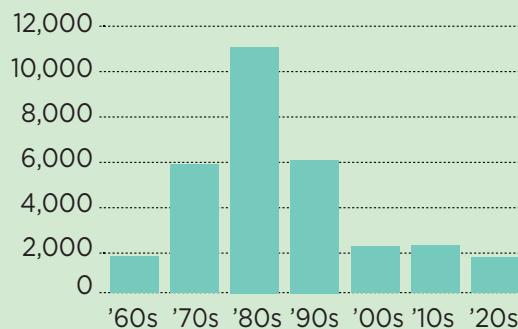


22 units, one- and three-bedroom units, veterans housing

- Increased density
- Reduced building setbacks, enclosed parking, storage space, and recreation area

HOUSING STOCK IN EAGAN

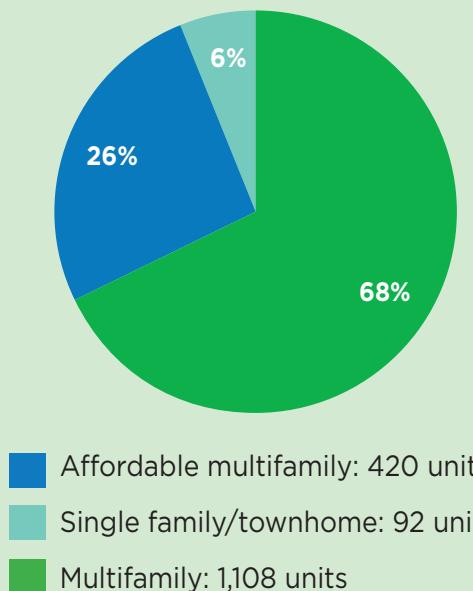
Eagan housing units by year



Affordability

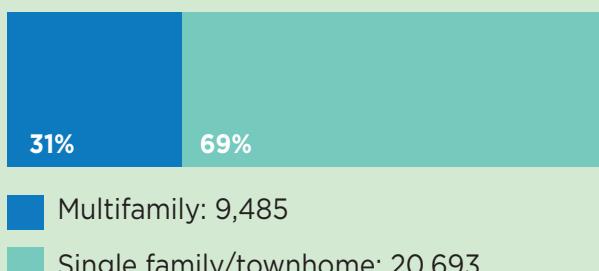
- 45% of all licensed rentals are estimated affordable at 60% or below area median income
- 19% of all ownership housing is valued under \$290K
- 26% of new housing qualified as affordable

New housing units 2020-2024



- Eagan is a fully developed and mature city
- Eagan's housing stock largely constructed in '70s-'90s
- Over 30,100 housing units in the city
- 31% of all units are multifamily
- 1,620 new housing units constructed within the past five years.
- 94% of new housing built within the past five years is multifamily

Total housing units by type



Housing tenure (all units)



EAGAN
WHERE EVERYONE THRIVES

EDEN PRAIRIE AFFORDABLE HOUSING FACTS

CITY COUNCIL ACTION

- Adoption of Inclusionary Housing Policy – affordable units provided in perpetuity
- Establishment of Affordable Housing Trust Fund
- Adoption of 2025 LAHA (Local Affordable Housing Aid) spending plan
- Adoption of Naturally Occurring Affordable Housing (NOAH) inventory and action plan
- Adoption of Tenant Protection Ordinance
- Support for Low Income Housing Tax Credit (LIHTC) projects



HOUSING OWNERSHIP/RENTAL

Total residential units	26,369
Rental units	6,434
Owned units	19,934

NEW HOUSING SINCE 2017

Total residential units	2,179
Affordable units	396
Senior units	631

Recent multifamily developments include 25% affordable units

Mixed-Income Approach to Affordability

Affordable units are dispersed throughout the development and are required to include finishes and amenities consistent with market-rate units.

CDBG and TIF Support

- Housing Rehab Loans
- First-Time Homebuyer Loans
- Senior Home Repair Program
- West Hennepin Affordable Housing Land Trust

ADDITIONAL EFFORTS

First-Generation First-Time Homebuyer Program
New in 2025

Property Managers Collaborative

City-led effort to keep pulse of local rental information and market, and to educate property managers on emerging community and housing issues, best management practices and public safety requirements.

New Resident Welcome Guide
Distributed to multifamily housing tenants to increase connection and sense of community.



Allocating Funding

- Community Development Block Grant (CDBG) allocations go toward programs that support and improve naturally occurring affordable housing and income-qualified households.
- All Local Affordable Housing Aid (LAHA) allocations go toward the Dakota County CDA Home Improvement Loan and Radon Mitigation programs to support affordable and income-qualified households in the city.

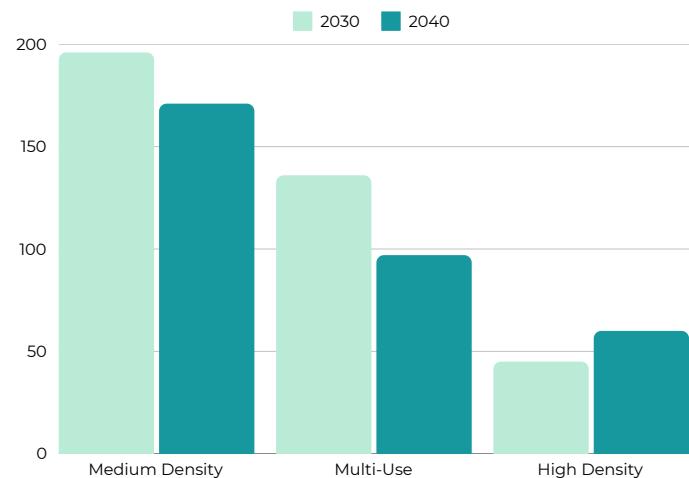


Nearly 1,000 acres available for residential development!

Planning Wisely

- Since 2023, Rosemount has added **1,644 units** of life-cycle housing options featuring varying lot sizes, unit mixes, and geographic diversity.
- Of that mix, **324 units** of workforce housing now serve a range of income levels. The city will add another **192 units** of affordable housing in 2025.

Residential Developable Acres by MUSA Category



Minnetonka Housing Demographics



Minnetonka HOUSING

Minnetonka was one of the first communities to participate in the Livable Communities Act when the Minnesota legislature created it 30 years ago. In that time, the city has continued to lead the way in developing and achieving comprehensive plan housing goals.

GOAL 1

Encourage diversity of affordable housing types, sizes and prices

Rental housing support

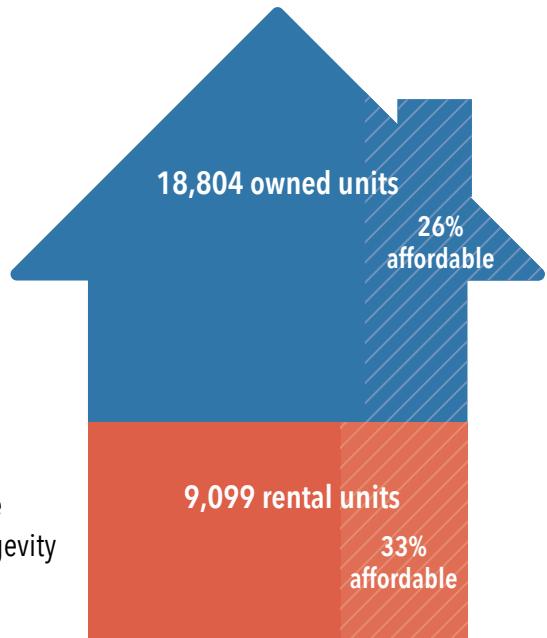
- Affordable Housing Trust Fund
- TIF funding
- State and federally financed projects
- Housing policy
- Rental assistance

GOAL 2

Create partnerships and programs to ensure affordable housing longevity

Housing ownership support

- HRA Home Loans
- Pathways to Homeownership
- CDBG Loans
- Homes Within Reach program
- Indexing (limit resale price)
- City-owned properties



Minnetonka prioritizes housing production affordability.

2011-20 Minnetonka Livable Communities Act Affordable Housing Goals

	GOAL	RESULTS
New affordable units (rental and ownership)	246-378	679 (276% achieved)
New lifecycle unit	375-800	1,655 (441% achieved)

2021-30 Minnetonka Livable Communities Act Affordable Housing Goals

	GOAL	RESULTS
New affordable units (rental & ownership)	558-1064	752 (135% achieved to date)
New lifecycle units	2400	1,336 (55% achieved to date)



In the past five years, 2,809 multi-unit households have been added in the city; 28 percent are affordable.

GOAL 3

Strengthen neighborhoods through improving and preserving existing housing stock

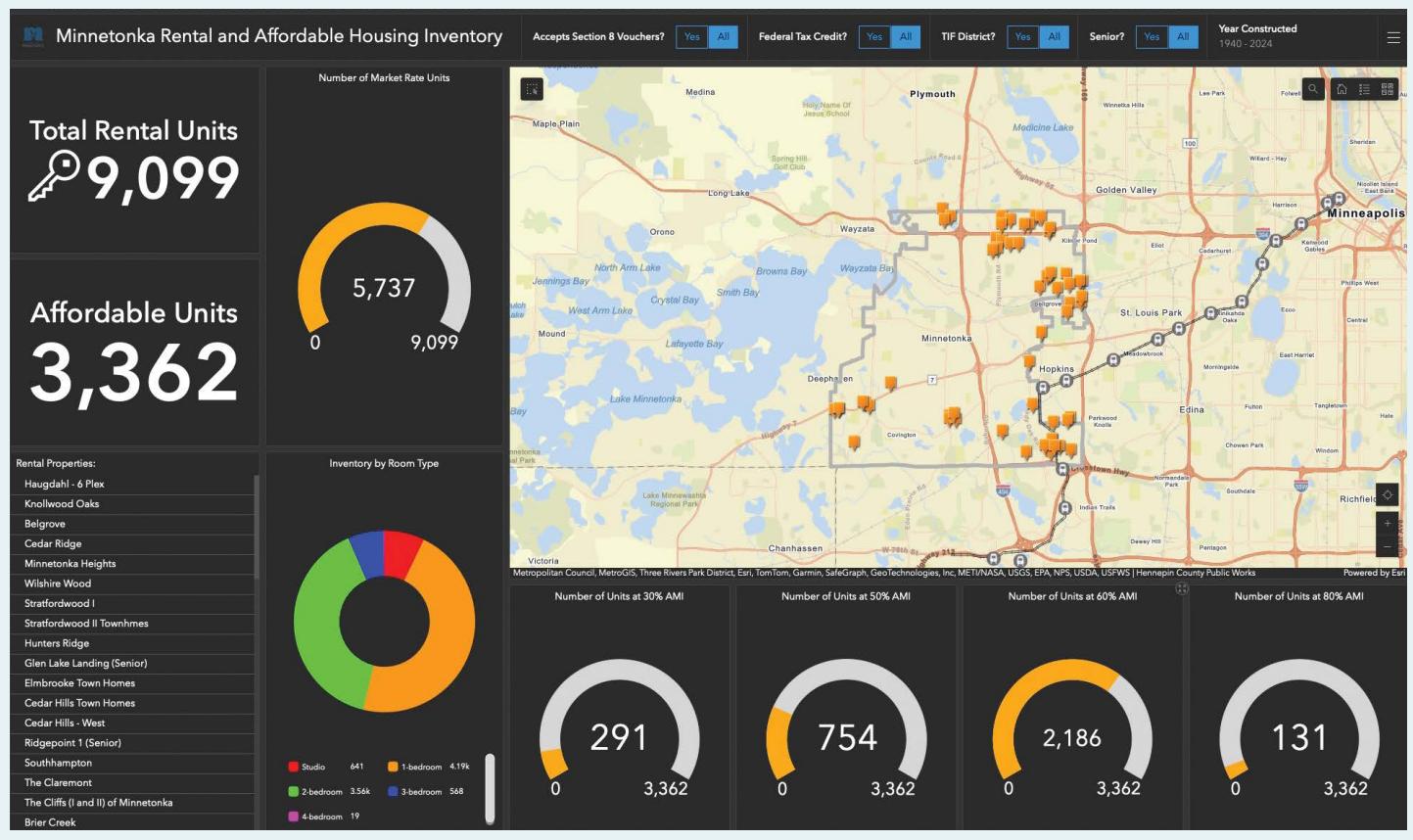
Minnetonka's housing trust fund helped support the rehabilitation of Cedar Hills Townhomes, improving the living conditions and sustainability of the development for 30 very low-income families.



GOAL 4

Provide and promote affordability information

The housing dashboard helps identify affordable options across the community, including rentals, townhomes and condos and senior living options. A third of the city's rental units are affordable.



Julie Wischnack, FAICP
Community Development Director
jwischnack@minnetonkamn.gov
952-939-8282



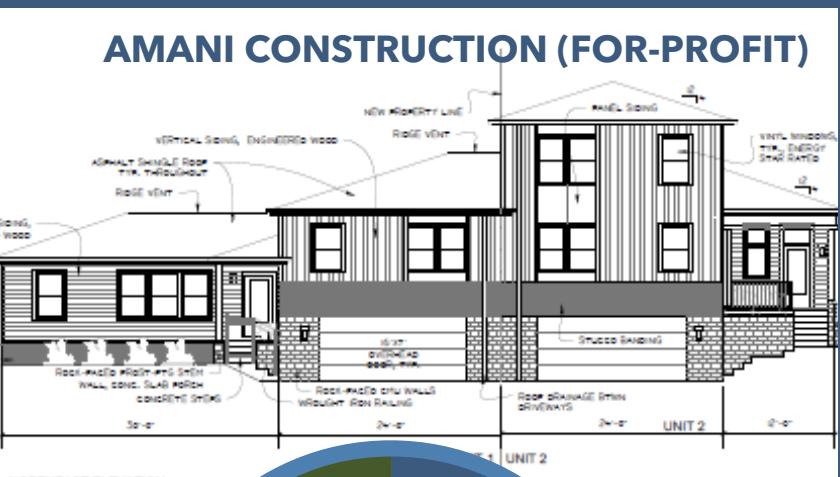
HIGH COST TO CREATE OWNER-OCCUPIED AFFORDABLE HOUSING IN SUBURBAN MINNESOTA

In 2024, Minnetonka approved two proposals for affordable homeowner projects. This document illustrates the cost drivers for the two projects:

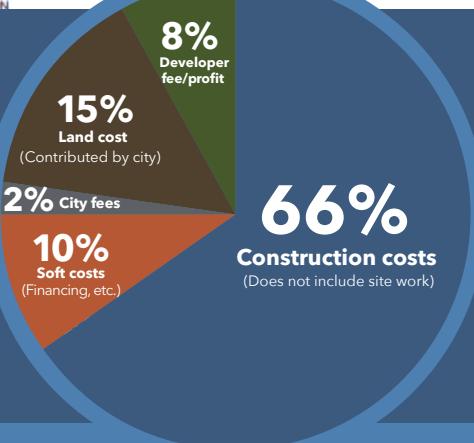
- Habitat for Humanity - a non-profit
- Amani Construction - a for-profit

Both projects cannot be sold affordably without significant public subsidy.

AMANI CONSTRUCTION (FOR-PROFIT)



HABITAT FOR HUMANITY (NON-PROFIT)

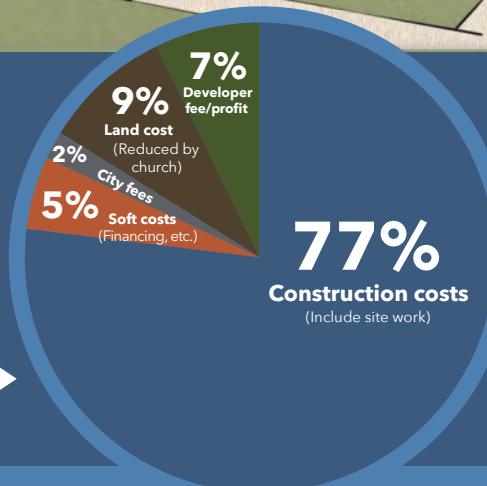


Units must sell at or below
\$290,300



City
prepped
site

Land cost
is reduced
by sale
from church



2 units

PUBLIC SUBSIDY SUMMARY (total costs of project)

10 units

City subsidy (includes land cost)	\$612,746	City subsidy (includes land cost)	\$750,000
Other subsidy	\$488,634	Other subsidy	\$5,983,110
Total subsidy (per unit)	\$550,690	Total subsidy (per unit)	\$673,311

BIGGEST COST DRIVERS

- **High construction costs** (materials and labor)
- **Land costs**
- **Affordability subsidy**
- **Both projects have an average sq/ft cost of \$380**

SOLUTIONS

- **Modular housing - prefab**
- **Rehabilitation of existing housing stock**



Affordable Homeownership

PATHWAYS TO HOMEOWNERSHIP – \$300,000

In 2023, Minnetonka launched the Pathways to Homeownership program, which provides up to \$75,000 to eligible first-generation homebuyers earning up to 120 percent AMI.

The loan terms provide a 0-percent interest rate with 5 percent of the loan amount forgiven annually. The borrower repays any remaining assistance if the property is sold before the 20-year term. The program supports a higher level of financial aid to offset the high cost of homeownership in Minnetonka, reducing the housing cost burden for these households. One household was served by the program in 2023.

Affordable Rehabilitation

CEDAR HILLS TOWNHOMES REHABILITATION – \$1 MILLION

In 2023, DevCO acquired the Cedar Hills Townhomes.

Constructed in 1983, the property includes five townhome buildings with 30 family-sized units (a mix of two-, three- and four-bedroom units) serving very low-income households.



The new owners invested \$2 million into the project and requested an additional \$1 million to assist with improvements to improve living conditions within the individual units. These include replacing windows and trim, appliances, furnaces, water heaters, air conditioners and adding LED light fixtures. These improvements will reduce energy and water consumption for the overall building, saving residents money but also addressing sustainability. The funding available through the affordable housing trust fund made these improvements possible.



MINNETONKA LEGISLATIVE REPORT

PATWAYS TO HOMEOWNERSHIP – \$300,000

In 2023, Minnetonka launched the Pathways to Homeownership program, which provides up to \$75,000 to eligible first-generation homebuyers earning up to 120 percent AMI.

The loan terms provide a 0-percent interest rate with 5 percent of the loan amount forgiven annually. The borrower repays any remaining assistance if the property is sold before the 20-year term. The program supports a higher level of financial aid to offset the high cost of homeownership in Minnetonka, reducing the housing cost burden for these households. One household was served by the program in 2023.

Affordable Housing Trust Fund

IN 2021, THE CITIES OF MINNETONKA, RICHFIELD AND ST. LOUIS PARK received special legislation per MN State Statute 462C.16 to transfer accumulated pooled tax increment for housing purposes to the city's affordable housing trust fund. These efforts provided the City of Minnetonka more flexibility to support and fund various types of affordable housing projects.

Minnetonka transferred approximately \$4.1 million under this legislation. Here's a look at how the city utilized the funding to support affordable housing projects.

Rent Assistance

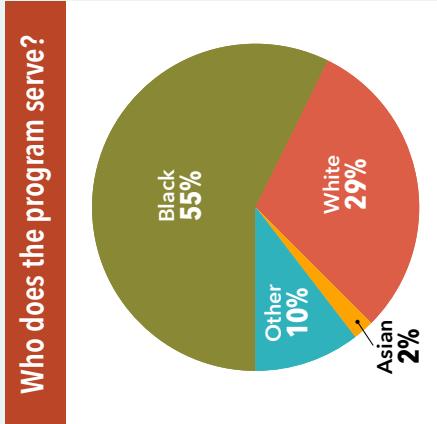
MINNETONKA RENTAL HOUSING ASSISTANCE PROGRAM – \$350,000

The Minnetonka Rental Housing Assistance Program provides housing assistance payments to help prevent eviction and homelessness, as well as maintain housing stability for eligible renters and homeowners. Renters earning up to 120 percent average median income (AMI) and experiencing financial hardship may receive a one-time payment of up to \$1,500 to assist with rent and utility expenses.

- Since 2021, the funding supported 211 Minnetonka households with an average assistance of \$1,330 per household.
- 67 percent of recipients were female heads of household.
- ICA administers the program on behalf of the city.

“ Housing stabilization is one of the main factors that help families in transition with solutions that provide a sense of stability. Rental assistance allows families to leverage their resources [to] provide other basic needs for the families well-being. ICA helps families move out of crisis mode to provide more time and energy to invest in achieving sustainability.

–Dan Narr, ICA executive director



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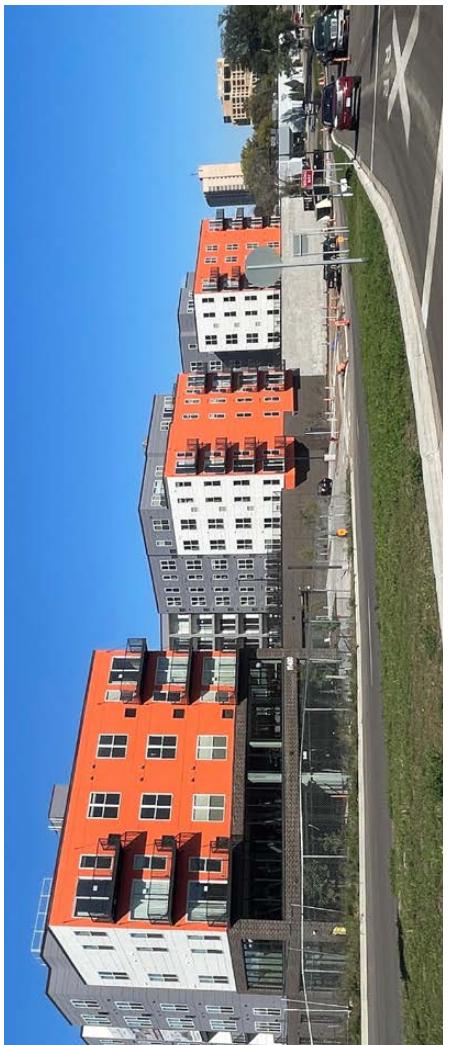
Redevelopment Projects

EXPANDING AFFORDABLE RENTAL OPTIONS – \$1.23 MILLION

The establishment of the affordable housing trust fund allowed the city to expand the range of affordable rents and unit types in new multifamily housing, over a term of 30 years.

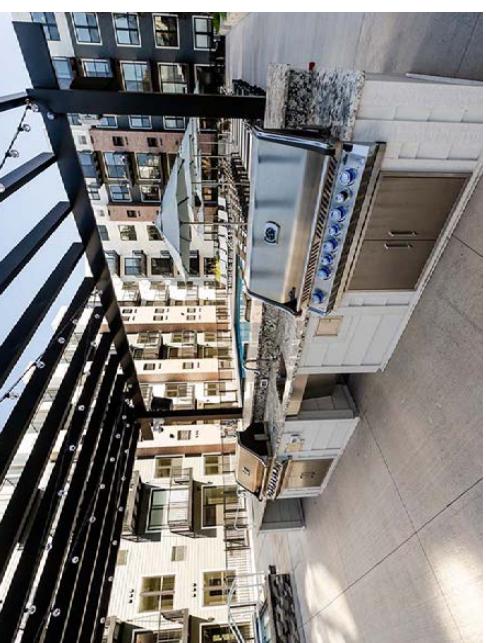
Previously, the city utilized tax increment financing to obtain affordable units based on state law and was confined to 20 percent of the units at 50 percent AMI or 40 percent of the units at 60 percent AMI.

The special legislation allowed a mix of affordable units and incomes to expand rental options:



Minnetonka Station - \$553,000

Located directly south of the Green Line Extension's Opus Station, Minnetonka Station provides 275 housing units, with 28 units affordable at 50 percent AMI.



Alcott - \$280,000

Located within a quarter mile of the Opus Station, Alcott provides 350 housing units, with 18 affordable at 50 percent AMI, 17 at 60 percent AMI and 18 at 80 percent AMI.



Amira Minnetonka - \$400,000

Located near Carlson Towers, Amira Minnetonka, a 55+ community, provides 186 housing units, with 10 units affordable at 50 percent AMI and nine at 60 percent AMI.

Homelessness

EMERGENCY HOMELESSNESS RESPONSE ASSISTANCE PROGRAM – \$300,000

The City of Minnetonka through a multi-departmental response partnered with His House Foundation to establish a two-year pilot program to help homeless Minnetonka households.

The Emergency Homelessness Response Assistance Program provides temporary relief for households experiencing a housing emergency and experiencing homelessness by offering funding for casework, short-term housing and first-month rent deposits.

His House Foundation provides local unsheltered or unhoused persons with intensive case management, temporary housing in extended-stay hotels and assistance with long-term housing opportunities.



"We always want to make sure we coordinate these resources as close as possible to their support network, including schools and employment," said Martha Brannon, His House Foundation founder and director.

Started in September 2022, His House Foundation has assisted 47 people in Minnetonka experiencing an emergency homeless situation. These households came from varying situations, household sizes and backgrounds. Each household received necessary resources to get into the best housing situation and connect with other services to help them escape crisis. His House Foundation has not faced any reoccurring crisis for the families served through the Minnetonka emergency homelessness program.

