

COMPARISON OF HRA AND EDA ENTITIES IN MINNESOTA

Cities have authority to aid and cooperate in the planning, construction, or operation of economic development, and housing and redevelopment projects. These can be done through various government organizations. The predominant method of delivering and administering housing and redevelopment programs in Minnesota is through a legal public entity, accountable to city government. Since 1947 a city in Minnesota may establish this public agency, often a Housing and Redevelopment Authority (HRA) (MN Stat. 460.001 to 469.047), of which there are more than 230 in Minnesota. An HRA is a public corporation with power to undertake certain types of housing and redevelopment or renewal activities. While state legislation conveys authority for HRAs in each City, it is up to the City Council to formally establish an HRA before it can do business and use its powers. Frequently HRAs are the affordable housing entity that provides decent and safe rental housing for eligible low-income families, the elderly and persons with disabilities. HRA activities can lead to reinvestment in commercial neighborhoods through acquisition, demolition and rehabilitation.

In 1986 the Minnesota Legislative passed legislation (MN Stat. 469.090 to 469.1082) authorizing cities to establish formal Economic Development Authorities (EDAs) to promote local economic growth. An EDA is a legal entity created by a City to facilitate a well-rounded development program by taking advantage of some of the port authority powers and all of the HRA powers. By combining these powers, community leaders are able to create flexible business assistance and development programs. EDAs are allowed to buy and sell property, make loans and grants to businesses, provide loan guarantees and to sell bonds.

Housing Redevelopment Authorities

An HRA is responsible for determining blighted land areas and for preventing the spread of blight, including substandard building structures. A blighted area is one with buildings and areas that are detrimental to the health, safety and welfare of the community. The HRA may then provide for improvements or redevelopment of these areas through a redevelopment plan.

An HRA's main area of operation is housing program development. HRAs are primarily concerned with family rehabilitation, housing redevelopment, public housing and rent assistance. The area of operation of a city HRA is the corporate limits of the City.

Governing Body:

Activities are controlled by a board of commissioners. An HRA consists of five

Economic Development Authorities

The overall purpose of an EDA is to promote economic development within an economic development district. EDAs may exercise their own powers which are similar to port authority powers, powers of a HRA, and the powers of cities in connection with development districts and municipal industrial development activities. An EDA is authorized to make a loan to a business, a for-profit or nonprofit organization, or an individual. The loan's purpose must contribute to economic or industrial development. EDAs have the ability to used pooled bond reserving. EDAs can acquire property and facilities but cannot issue debt without an election.

Governing Body:

EDA is created through an enabling resolution written and approved by City Council.

commissioners who are residents of the city. The Mayor appoints and the Council approves the members who serve five-year, staggered terms. City Councilmembers often serve on the HRA. The entire membership of an HRA may consist of councilmembers. Approval for any project through the approval of a redevelopment plan, must be granted by the City Council.

An HRA is independent of the local government. Approval of the redevelopment plan for the proposed project is needed, however, by the governmental unit in order to proceed. HRA does not have the power to levy and collect taxes or special assessments, except with respect to certain redevelopment projects.

Activities:

1. May establish a redevelopment project for the elimination and prevention of blighted areas.
2. Acquire real or personal property for activities related to projects. May sell its lands and properties to private or public parties.
3. May provide for the administration of a commercial building loan program to preserve small-sized buildings in its district.
4. May sell real or personal property, including the use of eminent domain, for project-related purposes.
5. May act as federal government agent in carrying out provisions of Municipal Housing and Redevelopment Act.
6. May exercise the powers granted to redevelopment agencies under Minn. Stat. §§469.152 to 469.1651
7. Provide relocation payments and assistance in accordance with federal guidelines.
8. May employ staff and an executive director.

The City Council can choose to serve as the EDA Board of Commissioners or create a board composed of a cross-section of the community.

EDAs have a board consisting of 3, 5, or 7 commissioners appointed by the Mayor with the approval of City Council. Board members serve for six-year terms. The board may also consist entirely of City Council members.

The City Council may control the activities of the EDA by limiting its powers under the enabling resolution and through the annual approval of the EDA budget.

Activities:

1. Acquire property for creation of development district that is tax exempt.
2. Sell or lease land whether by private or public means.
3. Carry out EDA law to develop and improve land within the district. The EDA may make any necessary arrangements to make land suitable for development.
4. Exercise eminent domain.
5. Enter into contracts for the purpose of economic development.
6. Purchase all materials needed to carry out development.
7. May make loans to a business, a for-profit or nonprofit organization, or an individual. The loan must be for an authorized purpose.
8. Engage in research to determine factors of specified development projects.
9. Act as a limited partner in contracts with additional parties.
10. May employ staff and an executive director.