

HOUSE RESEARCH

Bill Summary

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Permits the Sandstone EDA to sell and convey to a nongovernmental party at fair market value a housing development, notwithstanding the law that requires public ownership of the project. Effective upon local approval by the city and the EDA.

Background:

A private developer is interested in buying the Wild River Apartment project from the EDA and city. The project was financed with revenue and general obligation bonds, some of which are still outstanding. Because revenues have not been enough to pay the bonds, the city is levying to pay debt service. The private developer needs unencumbered ownership to obtain the financing to purchase the project.

Minn. Stat. § 469.034, subd. 2, allows an EDA to pledge the city's general obligation as additional security for bonds but only for a "qualified housing development project," which must be "owned for the term of the bonds either by the authority or by a limited partnership or other entity in which the authority or another entity under the sole control of the authority is the sole general partner."

This bill provides an exception to the ownership requirement to facilitate the sale of the project to the private developer.