

HOUSE RESEARCH

Bill Summary

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Overview

This bill expands the permitted use of the additional tax increment financing (TIF) pooling authority for housing to include acquisition, rehabilitation, or demolition of moderate priced housing (up to 150 percent of the average market value in the city) that is vacant, structurally substandard or in foreclosure.

In addition, the housing replacement district special laws (which now apply in the cities of Columbia Heights, Crystal, Duluth, Fridley, and Minneapolis) would be modified so that a 25-percent local contribution is no longer required. In addition, the city of Brooklyn Park would be given housing replacement district authority and St. Paul would be allowed to exercise this power, which it had been given in 1995 but did not approve within the legal time limit.

Section

- 1** **Additional pooling for housing.** Expands the permitted purposes for using the additional pooling percentage for housing to include purposes that mirror the permitted uses of increments for special law housing replacement districts. Present law allows a city to increase the permitted pooling percentages (i.e., the amount of a TIF district's increment that may be spent outside of the area of the TIF district) by 10 percentage points and to use the money for low-income housing (i.e., housing that meets the federal law tests for occupancy by low-income families and rent affordability). This section expands those purposes to allow use for purposes taken from the special laws allowing housing replacement districts. This would allow use for owner-occupied housing that does not exceed 150 percent of the average market value of housing in the city. The money could be used to acquire the houses, demolish or relocate them, rehab them, do site preparation, or pollution cleanup. To qualify, the sites or housing must meet one of the following conditions:
- Be a 1 to 4 unit dwelling that has been vacant for at least three months
 - Be a 1 to 4 unit dwelling that is structurally substandard

- Be in foreclosure
- Consist of vacant land, if the parcel would be used to develop or redevelop housing meeting one of the other three conditions

Effective date: Applies to all TIF districts subject to the pooling rules

- 2** **Brooklyn Park, housing replacement authority.** Provides a definition of “authority” for the city of Brooklyn Park’s exercise of housing replacement district authority. Section 3 grants Brooklyn Park housing replacement district authority.

Effective date: Final enactment

- 3** **Housing replacement districts, local contribution.** Repeals the requirement that cities pay one-quarter of the cost of housing replacement project costs from non-TIF sources. This section also grants the city of Brooklyn Park authority to exercise housing replacement district powers.

Effective date: Final enactment

- 4** **St. Paul, housing replacement powers.** Re-authorizes the city of St. Paul to exercise housing replacement district powers. This power was granted to the city under a 1995 special law, but the city did not approve the law and so it lost the authority to do so in 1997. This would reinstate that authority (not subject to local approval). The city of Richfield is in a similar situation (i.e., it received authority, but did not approve the law).

Effective date: Final enactment