

Subject St. Louis Park; tax increment use for housing projects modified

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Overview

This bill expands the allowed uses of tax increment generated by tax increment financing districts in the city of St. Louis Park.

Background

TIF districts are limited by pooling requirements that restrict how much increment can be spent outside of the district's area. Typically, this amount is 25 percent. However, the law does allow cities to make an election in the TIF district's plan to increase the allowed amount of expenditures outside of the district by ten percent, so long as the increment is used for affordable housing development as defined by section 42 of the Internal Revenue Code (IRC).

Summary

Paragraph (a) allows a district that has elected to increase the percentage of permitted expenditures outside of the district for housing development to use the increment for other types of housing projects such as low-income owner-occupied projects in addition to low-income housing projects as defined by section 42 of the IRC.

Paragraph (b) permits the transfer of increment generated from housing development to the city's affordable housing trust fund to be used for purposes outlined by the city's trust fund policies. This provision also exempts transferred increment from the annual reporting requirements.