Overview

This bill allows an alternative test for qualifying housing TIF districts. The proposed test follows the Metropolitan Council's livable communities housing program. It would allow owner occupied housing to be included in a qualified housing district and would use somewhat different income tests. No rent restriction would apply.

Section

1 Definition of qualified housing districts. Adds a second method of qualifying a housing district as a "qualified housing district." The alternative test requires half of the housing either to be (1) for rental housing for individuals at or below 50 percent of the area median income or (2) for owner occupied housing at or below 80 percent of the area median income. (This is the Metropolitan Council's test for livable communities projects.)

Comparison with present law. To be a qualified housing district under present law, the requirements for the federal low income housing tax credit must be met. The proposal differs from present law in three significant ways. First, under present law qualified housing districts are limited to rental housing. The proposed test would also permit owner occupied housing. Second, qualified housing districts are subject to rent restrictions. Housing under the proposed test apparently would not be subject to rent restrictions. Third, the income limits under present law require 40 percent of the units to be rented to individuals at or below 60 percent of the area median or 20 percent of the units below 50 percent of the area median. The proposed test for rental housing requires half of the units to be for individuals with incomes below 50 percent of the area median income.

Qualified housing district significance. Qualified housing districts are not subject to the state aid offset or the alternative requirement to make local contributions. In addition, property in green acres may be placed in a TIF district for a qualified housing project.

2 Effective date. Provides the new definition applies retroactively to requests for certification
made after September 2, 1998.