Overview

This bill allows an exemption from the percentage pooling rules for amounts spent to assist low income housing developments that meet the requirements of the federal low income housing tax credit program.

1 **Pooling of TIF, housing.** Permits a district subject to the post-1990 pooling restrictions to use increment for a low income housing development without regard to the pooling limits. Present law limits these TIF districts to spending no more than 20% (25% for redevelopment districts) of their increments on activities located outside of the geographic area of the district. (The amount available to be pooled is also reduced by administrative expenses.) Housing districts are not subject to these pooling restrictions, but the amounts must be spent on low and moderate income housing. This bill would allow the converse; other types of districts would be able to pool an unlimited amount, if the amounts are spent on housing that meets the requirements of the federal low income housing tax credit. This credit generally is limited to rental housing for families with incomes below 60 percent of the area median income. These are same income restrictions that apply to class 4d property.

The section provides that the pooling exemption is limited to increments equal to the qualified basis under the federal tax credit, less the amount of any federal tax credit. This generally will restrict the exemption to the portion of the building that is devoted to income and rent restricted units.

2 **Effective date.** Effective for increments spent after July 1, 2000.