

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 236

DATE: April 16, 2003

Version: As introduced

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Subject: TIF - Brooklyn Center

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Overview

This bill amends a 1994 Brooklyn Center special law to allow the city more flexibility in spending increments from the tax increment financing (TIF) district authorized by the law. The bill increases or eliminates the income limits that apply to the revenues from the district that are dedicated to housing and exempts the redevelopment portion of the increments from the general law requirement that they be spent for blight correction, if they are spent in a defined area. These changes will facilitate the city's use of increments from the district for market rate housing developments in an area designated by the bill as the "Met Council Brooklyn Center Opportunity Site."

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- 1 Brooklyn Center housing uses.** Amends a 1994 special law that granted the city of Brooklyn Center special TIF authority. This law allowed the city to establish a redevelopment TIF district that was exempt from the then state aid offset. (The offset was repealed as part of the 2001 property tax reform.) In lieu of the state aid offset, the special law required the city to contribute 15 percent of the increment to a housing development account. This account was to be used for either (1) rental housing that met the requirements of a qualified housing district or (2) owner occupied housing that met the income restrictions under the TIF act for owner occupied housing

This section makes four changes in the rules applicable to this district:

- ▶ Funds can be used for housing construction, in addition to acquisition,

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demolition, and rehabilitation as permitted under present law.

- ▶ It allows the housing account to finance rental housing that meets the general income restrictions under the TIF Act, rather than the more restrictive limits for a qualified housing district. This will allow rental developments to qualify, if 50 percent of the units are for tenants with incomes at or below 80 percent of the area median income. (Qualified housing districts must meet either a 20-50 test or 40-60 test, i.e., 20 percent of the units are for tenants with incomes at or below 50 percent of the area median or 40 percent at 60 percent of the area median).
- ▶ It exempts developments, funded through the housing account, from all income limits, if the developments are located in a defined geographical area, called the Met Council Brooklyn Center Opportunity Site.
- ▶ The non-housing account increments from the district are exempted from the restriction that its revenues must be spent for blight correction, if they are spent in the Met Council Brooklyn Center Opportunity Site. This will allow use of these increments for housing, rather than redevelopment purposes.

- 2** **Pooling restrictions.** Exempts the district from the general law restrictions on pooling. These rules limit the amount of increment from a redevelopment district that may be spent on activities outside of the district to 25 percent, less any amount spent on administrative expenses. This section also strikes obsolete references to the repealed state aid offset statute.