

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 445 **DATE:** March 7, 2011
Version: As introduced
Authors: Davids
Subject: Tax increment financing - market rate housing developments
Analyst: Joel Michael, joel.michael@house.mn

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

This bill modifies the special pooling rules for housing projects. Under present law, an additional 10 percent of increment from a district may be used outside of the area of the district from which it was collected (that is, it may be "pooled" with other moneys to pay development costs) for low-income housing. This bill expands the use of that 10 percent of increment to include purposes taken from the special laws authorizes housing replacement districts for a number cities.

This would allow use for owner-occupied housing with a value up to 150 percent of the average market value of housing in the city, but not to exceed:

- \$200,000 in the seven-county metropolitan area; or
- \$125,000 elsewhere in the state.

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.

This authority is sunset on December 31, 2016, but can be used to continue paying outstanding bonds.

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