

Subject Southeast Edina Redevelopment Project Area special TIF authority modified

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Overview

This bill amends a 2014 special law granting special TIF authority for the Southeast Edina Redevelopment Project Area. The special law was then amended in 2017. This bill provides authorization to:

- Create TIF districts within the project area until December 31, 2021
- Use increment generated from the Southdale 2 district and used to fund housing projects in the districts established by this bill (and previous special laws) to satisfy the five-year pooling requirement of the districts created by this bill and previous special laws.

Background on the five-year rule

Five-year rule. Under current law for housing districts, 80 percent of increment generated in a district in the district's first five years after certification must be spent on development activity within the district. After the fifth year, increments may only be spent to decertify the district by paying off obligations that were incurred to fund work done during the five-year period, or to reimburse a developer for costs it paid during the first five years.

The rule is intended to ensure that the property within the district is put back on the tax rolls in a reasonable amount of time, rather than increment being used to undertake new projects or expenditures instead of being used to pay existing debts.