
DAKOTA COUNTY POLICIES AND PROCEDURES MANUAL

Policy 8002 Tax Increment Financing

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Last Reviewed: 1/8/2018

Department: Property Taxation & Records

Board or Administrative: Board

Related Policies:

POLICY STATEMENT

Dakota County will generally not comment upon tax increment financing (TIF) districts proposed by a municipality. However, the County may choose to comment on a proposed TIF district in some instances. Additionally the County may choose to support proposed a TIF district that addresses at least one of the following principles:

1. Highly visible and regionally significant in the Twin Cities metro area;
2. Physically located in more than one community;
3. Involves county and state roads;
4. Creates a significant employment, infrastructure or tax base impact;
5. Demonstrates a positive return on investment; or
6. Preserves, enhances or remediates environmental quality.

DEFINITIONS

Affordable Housing: Rental housing that must meet all of the requirements for a low income housing credit under section 142(d) of the Internal Revenue Codes, regardless of whether the project actually receives housing credit, including maximum income and rent limits established annually by the U.S. Department of Housing and Urban Development (HUD).

Owner occupied housing that must meet both of the following: (1) the definition of "housing project" under Minnesota Statutes 469.1761 Subd. 2: 95 percent of the housing units must be initially purchased and occupied by individuals and families whose household income is less than or equal to the income requirements for qualified mortgage bond projects under Section 143(f) of the Internal Revenue Code; and (2) the Dakota County policy requirement that 50 percent of the housing units must be initially purchased and occupied by individuals and families whose household income is less than or equal to 80 percent of the area median income (AMI) as determined annually by HUD. Maximum initial sale price limits will be enforced to ensure homes are affordable to homebuyers at these incomes.

Livable Community: A community that is designed with 1) mobility options such as transit, walk, bike or drive, 2) protects and enhances natural resources, 3) provides housing choices including single-family homes, condominiums and apartments in a variety of architectural styles and prices to meet the needs of people of all ages and incomes, and 4) a plan for mixed uses such as locating housing, workplaces, shopping, daily services, schools, parks, civic places and public facilities together in an area.

Livable Community Housing: Housing located in a livable community.

Livable Wage: Living wage levels that are equal to what a full-year, full time worker would need to earn (exclusive of benefits) to support a family of four at 130% of the poverty level.

Project area: The geographic area in which tax increment revenues may be spent. Project areas are designated by the development authority under the applicable development law, such as an HRA, port authority, economic development authority, or municipal development act.

Qualifying Inspection: The inspections performed to document the status of the property to determine that the district meets the criteria as a redevelopment district, a renewal and renovation district, or other TIF district.

Tax Increment Financing: A statutory financing tool used to promote economic development, housing, redevelopment, renewal and renovation in areas where it otherwise would not have occurred. TIF enables an authority to "capture" property taxes generated by new development or redevelopment to pay for development expenses. A TIF authority captures the increase in net tax capacity resulting from new development within a designated geographic area called a TIF district.

Tax Increment Financing Authority: An authority created pursuant to Minnesota Statutes to administer a tax increment financing district. (Minn. Stat. § 469.174, subd. 2)

Tax Increment Financing District: The geographic area from which tax increments are collected. The development authority defines the area in the tax increment financing plan. A district may be a contiguous or noncontiguous area within a project area. (Minn. Stat. § 469.174, subd. 9)

Tax Increment Financing Plan: A plan that must describe the project supported by tax increment financing, project objectives, development programs and activities to be undertaken, type and duration of district being created, parcels included in the district, estimated costs and revenues, impact on other taxing jurisdictions, and other details of the proposal. The TIF plan may be approved by the municipality after the required public hearing is held. (Minn. Stat. § 469.175, subds.1, 4)

SOURCE

Tax Increment Financing is governed by Minn. Stat. § 469.174-469.1794 as amended.
Dakota County Board Resolution No.19-005

GENERAL

The Dakota County Board must approve or disapprove all Dakota County Community Development Agency (CDA) TIF Districts.

Dakota County must receive sufficient information to be able to determine that the qualifying criteria have been met. Depending on the type of TIF district, Dakota County requires documentation related to:

- TIF plan
- qualifying inspections
- analysis of net affordable housing impact within the TIF district or project area
- analysis of net livable wage jobs

- average market value of comparable housing in the city or area
- estimated financial impact on the county
- map(s) of the proposed TIF district and project area
- traffic study, if appropriate

Dakota County encourages municipalities to furnish TIF plans, or documentation related to the above, at least 45 days prior to the public hearing to coordinate the timeline of the road improvement cost estimates and any comments from the Dakota County Board. Dakota County reserves the right to identify costs after the public hearing if necessary.

To assure documentation is received in a timely manner, in addition to the requirement of delivery to the auditor, Dakota County encourages municipalities to electronically forward the TIF Plan to tax.increment@co.dakota.mn.us, which automatically distributes the document(s) to departments included in the review process. Dakota County encourages municipalities to 1) limit the duration of the district and supports the early decertification of all TIF districts and 2) require that TIF assistance provided in housing districts be repaid at the time the project is sold or transferred and appreciates in value.

PROCEDURES AND PRACTICES

The Dakota County Property Taxation & Records Department will develop and maintain procedures.

Per Minn. Stat. 469.175 1a, the Dakota County Board of Commissioners may require the authority to pay all or a portion of the cost of county road improvements associated with the proposed TIF district out of increment revenues, if the following conditions occur:

1. The TIF plan or an amendment to the plan contemplates construction of a development that will, in the judgment of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs; and
2. The road improvements or other road costs are not scheduled for construction within five years under the county capital improvement plan or within five years under another formally adopted county plan and in the opinion of the county, would not reasonably be expected to be needed within the reasonably foreseeable future if the tax increment financing plan were not implemented.

When notified of a municipal TIF district, Dakota County Administration will distribute the TIF Plan to the County Commissioner who represents the affected municipality. Per the above Policy Statement, written comments may be provided if the proposed TIF district addresses one or more of the enumerated principles.

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Board Resolution or Manager Signature: Res. 19-005