

Policy 8002 TAX INCREMENT FINANCING
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POLICY STATEMENT

Dakota County will support housing, redevelopment, and renewal and renovation TIF districts that increase or have a neutral effect on the number of affordable housing units in the community, clearly demonstrate that they meet the "but for" test, and meet at least one of the following:

1. Provide affordable housing
2. Include livable community housing and provide mixed use such as a central city concept
3. Remove blight conditions and contamination
4. Provide a net increase in livable wage jobs

DEFINITIONS

Affordable Housing:

Low and moderate-income rental housing districts that provide:

- 20% of the units affordable to families at 50% of median income, the maximum gross rent would be 30% of 50% of median income or
- 40% of the units affordable to families at 60% of median income, the maximum gross rent would be 30% of 60% of median.

Homeownership options that provide:

- 50% of the families served are below 80% of median income and the purchase price should not be greater than the current purchase price limit established for First Time Homebuyer programs.

Contaminated: The presence of hazardous substances, pollution, or contaminants that require removal or remedial action

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 Job: Jobs that pay the minimum annual amount of money required to meet a household's basic needs, including food, housing, health care, transportation, child care, clothing/personal and taxes. The number is typically adjusted based on family size, whether one or two adults are working, and the household location (metro vs. out-state).

Low Income Housing: Housing occupied by persons whose income is at or below 50% of the area median income.

Mixed Use: Developments that include housing, varied by type and prices, integrated with commercial development and places of employment. It includes those developments being accessible by multiple transportation modes.

Moderate Income Housing: Housing occupied by persons whose income is at or below 80% of the area

median income.

Project Area: The geographic area in which tax increment revenues may be spent. Project areas are designed by development authorities under applicable development laws.

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.

Redevelopment: Actions taken to improve areas affected by substandard buildings, blight, railroad or tank facilities, as described by Minn. Stat. § 469.174, subd. 10.

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. (See 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. (See 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. (See Minn. Stat. § 469.175, subds. 1, 4.)

SOURCE

Tax Increment Financing is governed by Minn. Stat. § 469.174-469.1793 as amended. Dakota County Board Resolution No. 02-404.

GENERAL INFORMATION

Dakota County must receive sufficient information to be able to determine that the qualifying criteria has 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
- traffic study, if appropriate

As provided in state law and the Dakota County Transportation Policy Plan, the Dakota County Board of Commissioners shall require the authority to pay all or a portion of the cost of related or required improvements to the county transportation system from increment revenues, if the following conditions occur:

1. The proposed plan would, in the judgment of the county, substantially increase the use of the county transportation system and require construction of road improvements or incur other

transportation system costs; and

2. The transportation system improvements are not scheduled for construction within five years under the county capital improvements plan, and, in the opinion of the county, would not be expected to be needed within the reasonably foreseeable future were it not for the tax increment financing district.

For projects that are included in the capital improvements plan, the costs of road improvements or other road costs (e.g., traffic controls) which are in the determination of the County the result of a tax increment financing plan or an amendment to a TIF plan, will be subtracted from the County eligible project costs, with the balance of costs divided according to the cost sharing policy of the County Transportation Policy Plan. A County Board resolution is required for any significant deviation from this policy.

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

Dakota County will indicate its support/non-support for municipal TIF districts via comments in a County Board resolution provided to the city, except when a County Board meeting is not held within the 30-day response period. If the County Board cannot provide comments by resolution within the 30-day response period, comments will be provided following Board action. The Dakota County Board must approve or disapprove all CDA TIF Districts.

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 property is sold or transferred if the home appreciates in value. Dakota County will consider a municipality's history regarding compliance with Dakota County's TIF policy and state law in its deliberation.

PROCEDURES

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