

Homes for All Policy Agenda Proposal Application

Name of organization: City of Minneapolis*

Brief description of your proposal: Support the League of Minnesota Cities in their efforts to address tax increment financing (TIF) laws so that pooled increment has limits on a cumulative basis, rather than on an annual and cumulative basis.

TIF is a method of financing real estate developments. When a new development occurs, typically the market value of the property increases and the property taxes will also increase. TIF uses the increased value of a development over time and dedicates that additional property tax revenue to pay for a portion of the development costs. The TIF Act allows increment generated in a district to be “pooled” for use on activities outside of the district. Some cities use TIF pooling for affordable housing purposes. For example, the City of Minneapolis directs pooled TIF funds into our local Affordable Housing Trust Fund.

There are limits to the amount of increment that can be pooled. A recent interpretation from the Office of the State Auditor provided that there is an annual limit on TIF pooling of 35% of annual revenue derived from the TIF district. However, many cities had assumed that the limit is cumulatively 35% of the revenue derived from the TIF district over the life of the district. The impact of the annual limit on the City of Minneapolis, for example, is that the amount of TI funds going into the local Affordable Housing Trust Fund will be reduced by nearly \$16 million over the next ten years.

Is this a multi-year proposal, or targeted for only one year? If it is resolved in 2018, only one year.

What level of support are you requesting from Homes for All: Legislative Agenda or Homes for Endorsement? At this point, just awareness from an informational perspective. Perhaps endorsement.

If you are requesting that Homes for All put this item on our Legislative Agenda, will your organization move this proposal forward even without the leadership of Homes for All? Will your organization commit to working on the policy agenda of Homes for All even if your proposal does not make it on the agenda this year? Yes, if the City Council and Mayor approve this in our legislative agenda we will work on it regardless. Yes, we will still work with Homes for All on those agenda items.

What kind of resources are you able to bring to support advancement of your proposal?

(Example: dedicated lobbyist; community of engaged supporters; effective social media or communications plan; etc.) If the City Council and Mayor approve this in our legislative agenda, we will use our lobbying resources to work on this.

*We are submitting this proposal as a point of information for the H4A Policy Team. The City doesn't yet have a position on this, but it came up in our yet-to-be-completed policy development process. The cumulative limit clarification would be helpful for all cities that use TIF pooling whether for housing or other uses. We don't know exactly how many other cities this impacts as it relates to housing; we know it could and likely does have impact beyond Minneapolis, but more research is needed.

Homes for All Policy Proposal Assessment: Core Values Alignment Criteria

Name of Organization: City of Minneapolis (10-26-17)

Proposal: TIF Pooling Issue

Does this proposal support the continuum of housing and services?	Does this proposal strengthen the connection between housing and services?	Does this proposal reduce barriers/improve access to stable housing?	Does this proposal promote choice in housing?
--	---	---	--

10 – Will directly and substantially contribute to the housing/services continuum by adding new or expanding/improving existing	10 – Will significantly strengthen existing connection in clearly articulated ways	10 – Will remove an endemic barrier or create a new point of entry for unmet needs or unserved population	10 – Will significantly expand the range of options for those who currently have very few available options
5 – Will somewhat support the housing/services continuum but not substantially	5 – Will create new connection where none is currently	5 – Will help alleviate but not remove barrier, or provide some but not full access to stable housing	5 – Will provide some limited options that do not currently exist
2 – Will have a nearly insignificant impact on the housing/services continuum	2 – Will parallel existing connection but not create new or expand existing connection	2 – May contribute minimal impact on barrier or provide slight improvement in access	2 – May provide insignificant increase in options, or rest on the assumption of free choice in market
0 – Will have no impact on the continuum	0 – Does not appear it will strengthen the connection and/or will perpetuate existing separation	0 – Does not appear it will either remove barrier or increase access to stable housing	0 – Does not appear it will promote choice in housing
<p>Comments:</p> <p>This change would help increase potential affordable housing resources for cities, but the reach of this issue is unknown at this point.</p>	<p>Comments:</p> <p>For cities that do or will use TIF pooling for housing, this could potentially increase that resource, thereby paralleling whatever existing connections there were between housing and services in relation to that funding source.</p>	<p>Comments:</p> <p>In a statewide context, this may not dramatically change the amount of funding available locally for affordable housing, but in some local instances, the impact could be meaningful.</p>	<p>Comments:</p> <p>I wasn't really sure how to grade this proposal in this category.</p>
			<p>Add Row Together for Total Score Here:</p> <p>22</p>