

Housing Tax Increment Financing District - Northfield Rental Housing Fact Sheet

Minnesota Statute 469.174 subdivision 11 allows an authority to establish a housing tax increment financing district to assist with projects intended for occupancy, in part, by persons or families of low and moderate income. A housing TIF district has a maximum term of 26 years of increment and can assist either owner occupied housing or rental housing developments.

Rental Housing Developments

For rental housing developments, the authority has two options for complying with the low and moderate income requirements: (1) 20% of the units must be available to persons at or below 50% of median income; or (2) 40% of the units must be held for persons at or below 60% of median income. The income limits are adjusted for family size, released by the U.S. Department of Housing and Urban Development, and published annually each Spring by the Minnesota Housing Finance Agency. The income limits must remain in place for the term of the tax increment district, and tenant incomes must be reported to the authority annually.

The 2018 income limits for Rice County area are:

<u>Family Size</u>	<u>50% of median income</u>	<u>60% of median income</u>
1	\$27,350	\$32,820
2	\$31,250	\$37,500
3	\$35,150	\$42,180
4	\$39,050	\$46,860

How Can Increment be Spent?

Tax increment from a housing district must be spent on costs which are directly related to low and moderate income housing. No more than 20% of the square footage of buildings that receive assistance from tax increment may consist of commercial, retail or other nonresidential uses; therefore, housing tax increment cannot be used to assist a predominantly commercial building. The cost of public improvements directly related to the housing project and the administrative expenses may be included in the cost of a housing project.

There are no pooling limitations for housing districts. That is, increment may be spent on affordable housing projects located outside of the housing district, anywhere in your community.

Housing TIF in Northfield

The City of Northfield has four (4) active housing TIF Districts:

Spring Creek established in 2012. First TIF Receipt in 2016. Required decertification in 2040.
Presidential Commons established in 1999. First TIF in 2001. Required decertification in 2026.
Jefferson Square established in 2009. First TIF in 2012. Required decertification in 2037.
Hiley Neff established in 2002. First TIF in 2003. Required decertification in 2028.