



Request for City Council Committee Action from the Department of

Date June 13, 2006

To Council Member Betsy Hodges
Referral to Intergovernmental relations Committee

Subject Homeless Assistance Tax Increment District; Local Approval Requirement

Recommendation

Approve the Minneapolis tax increment provision related to homeless prevention that was included in the 2006 omnibus tax act (Laws 2006 Chapter 259 Article 10 Section 14)

Previous Directives

Homelessness prevention is a city/county goal. Specific TIF legislation was not included in the city's legislative agenda but support for resources and for policies to support affordable housing is part of the agenda.

Prepared or Submitted by: Gene Ranieri, 612-673-2051

Approved by: Steven Bosacker, City Coordinator Gene Ranieri, IGR Director

Permanent Review Committee (PRC) Approval _____ Not Applicable

Note: To determine if applicable see <http://insite/finance/purchasing/permanent-review-committee-overview.asp>

Policy Review Group (PRG) Approval _____ Date of Approval _____ Not Applicable

Note: The Policy Review Group is a committee co-chaired by the City Clerk and the City Coordinator that must review all requests related to establishing or changing enterprise policies.

Presenters in Committee: Elizabeth Ryan, CPED

Cathy ten Broeke, City/County Coordinator on Homelessness

Financial Impact (Check those that apply)

No financial impact (If checked, go directly to Background/Supporting Information).

Action requires an appropriation increase to the _____ Capital Budget or _____ Operating Budget.

Action provides increased revenue for appropriation increase.

Action requires use of contingency or reserves.

Business Plan: _____ Action is within the plan. _____ Action requires a change to plan.

Other financial impact (Explain): If the city council approves the TIF district authorized by the legislation, the increased tax base as is the case for all TIF districts will be used to finance district activities and not general fund activities

Request provided to department's finance contact when provided to the Committee Coordinator.

Community Impact (use any categories that apply) None Apply

Neighborhood Notification

City Goals

Comprehensive Plan

Zoning Code

Other

Background/Supporting Information Attached

The 2006 omnibus tax law (Laws 2006 Chapter 259 Article 10 Section 14) authorizes the City of Minneapolis to establish a "homeless assistance tax increment district. The legislation defines the district to be no larger than six acres, be located with the boundaries of a city development district and contain at least two shelters for homeless persons operated for at least five years by a nonprofit organizations that are qualified charitable organization under section 501(c) (3) of the Internal Revenue Code and have received emergency services grants from the state of Minnesota. The district can generate tax increment for 25 years after receipt of the first increment. The district is to be established under the procedures of current tax increment law but the city council does not have to make "but for findings" or comply the provisions requiring the city council to declare the district one of the permitted types of tax increment districts. The district is also excluded from housing income limits, and limits on the use of "pooled" increments. No less than 50% of the increment must be used to provide emergency shelter and services for homeless persons within and outside the district. The remainder of the increments can be use activities identified in the district's plan.

The special tax increment law is subject to the local approval by the city council. A "special law" is defined in the Minnesota Constitution (Article XII Section 2) to be a law that applies to a single local government unit or to a group of such units in a single county or a number of contiguous counties. The constitution further directs that a special law unless otherwise directed must be approved by the voters or the local governing body.

Minnesota Statutes Section 645.021 implements the constitutional provision. The section requires local approval by the governing body of the local government unless the special law directs another method. The section also requires that the chief clerical officer (city clerk) file a certificate attesting to the official action of the governing body related to the special law with the Minnesota Secretary of State. If the certificate is not filed before the first day of the next session (January 3, 2007) the law is deemed to be disapproved.

Approval of the special law provides the city with the authority to establish the district. The establishment of the district will require a subsequent city council action and compliance with the applicable sections of the tax increment act.

**Proposed Resolution
of the
City of Minneapolis**

By Hodges

Approving Laws of Minnesota 2006, Chapter 259 Article 10 Section 14.

Whereas, the Minnesota State Legislature has passed a law relating to the establishment of a homeless assistance tax increment district; and

Whereas, said law, by its terms, requires an affirmative vote of a majority of the members of the City Council before it may become effective;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That said law be now approved and the City Clerk be directed to prepare and file with the Secretary of State the required certification of approval.