

HB 1865 -- Tax Increment Financing

Sponsor: Curls

For all tax increment financing (TIF) redevelopment plans and projects, including housing units, adopted or approved by ordinance after December 31, 2008, this bill requires 16% of payments in lieu of taxes deposited into the Special Allocation Fund to be transferred into the newly created Affordable Housing Fund.

The housing fund will be administered by the municipality's TIF commission and will provide low-interest loans and grants within the municipality for affordable housing units for a low-income project. A low-income project is a housing project which has restricted rents which do not exceed 30% of the median income for at least 40% of its units and are occupied by individuals or families with incomes of 60% or less of the median income or at least 20% of the units occupied by individuals or families with incomes of 50% or less of the median income.

Prior to receiving loans or grants from the housing fund, the owner or any successive owner must enter into an 18-year agreement with the commission limiting the use of these units to affordable housing during the life of the agreement. Instead of complying with this requirement, the proponents of the redevelopment project may choose to reserve 8% of any new housing units created under the redevelopment plan for affordable housing units that have restricted rents not exceeding 30% of the median income and must be occupied by individuals or families having an income of 60% or less of the median income. The owner or any successive owner must enter into an 18-year agreement with the commission limiting the use of these units to affordable housing. In either case, if the agreement is violated, the commission may sue to recover the full amount of any loan or grant, plus any damages of up to \$1,000 per month from the first day of each month of the violation. The performance of the agreement must be secured by a deed of trust or other lien encumbering the property and must be filed with the county recorder of deeds.