

Subject Modifying use of tax increment financing for housing purposes

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Date March 28, 2025

Summary

Under general law, any tax increment financing district can set aside up to ten percent of its increment for use on housing. Regardless of where that increment is spent on housing, that set-aside does not count as being spent outside the district for the purposes of statutory requirements that a certain percentage of increment be spent within the district that generated the increment.

This bill would increase the maximum percentage for that set-aside from ten to 15 percent of a district's increment. It would also allow a new use of the set-aside: transfer to an affordable housing trust fund for any of the eligible expenditures of a housing trust fund. Expenditures of transferred increment would have to serve households meeting certain income limitations that differ from the income limitations currently applying to the set-aside.

This bill would also expand income limitations applying to multifamily projects financed with increment from housing districts. The law currently requires either that 20 percent of the units be set aside for households at or below 50 percent of area median income or that 40 percent of the units be set aside for households at or below 60 percent of area median income. With this change, an eligible project could also include a project in which 40 percent of the units were set aside for households at area median incomes ranging from as low as 20 percent of area median income and up to 80 percent of area median income so long as the average income of those units was at or less than 60 percent of area median income.