



Legislation Text

File #: 20-0310R, **Version:** 1

RESOLUTION AUTHORIZING THE CITY TO ENTER INTO A JOINT POWERS AGREEMENT WITH THE MINNESOTA HOUSING FINANCE AGENCY RELATED TO THE LOW INCOME HOUSING TAX CREDIT PROGRAM FOR THE YEAR 2021

CITY PROPOSAL:

RESOLVED, that the proper city officials are hereby authorized to enter into a joint powers agreement pertaining to the housing tax credit program, attached hereto as Exhibit A, with Minnesota Housing for the year 2021.

STATEMENT OF PURPOSE: This resolution authorizes the city of Duluth to enter into a joint powers agreement with the Minnesota Housing Finance Agency (Minnesota Housing), pursuant to which Minnesota Housing will administer the city of Duluth's low income housing tax credits. In 2021, the city of Duluth is expected to receive approximately \$155,886 in tax credits. The Duluth city council originally approved entering into a joint powers agreement with Minnesota Housing for the administration of Duluth housing credits in 1999.

Minnesota has designated certain counties and cities, including Duluth, as "suballocators" of housing tax credits. Between the time congress authorized the program in 1986 and up until 1998, the city independently administered the credits allocated to Duluth. During that time, the Internal Revenue Service (IRS) issued numerous regulations, clarifications, and rulings that significantly complicated the program. In 1999, Minnesota Housing and interested suballocator jurisdictions negotiated the first joint powers agreements. Due to the time intensive responsibility to ensure compliance with IRS standards, and because smaller suballocators were having difficulty meeting all the requirements, Minnesota Housing assumed most of the administrative burden. The joint powers agreement has significantly reduced the amount of staff time and resources the city expends on the tax credit program.

This resolution approves entering into a joint powers agreement again for the coming year. In doing so, the city accepts the state's qualified allocation plan for the selection of projects. City staff supports approval of the joint powers agreement.