

SECOND REGULAR SESSION

# SENATE BILL NO. 878

89TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR CURLS.

Read 1st time February 5, 1998, and 1,000 copies ordered printed.

TERRY L. SPIELER, Secretary.

S2887.011

## AN ACT

To repeal section 99.845, RSMo 1994, relating to financing of low income housing, and to enact in lieu thereof one new section relating to the same subject.

*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Section 99.845, RSMo 1994, is repealed and one new section enacted in lieu thereof, to be known as section 99.845, to read as follows:

99.845. 1. A municipality, either at the time a redevelopment project is approved or, in the event a municipality has undertaken acts establishing a redevelopment plan and redevelopment project and has designated a redevelopment area after the passage and approval of sections 99.800 to 99.865 but prior to August 13, 1982, which acts are in conformance with the procedures of sections 99.800 to 99.865, may adopt tax increment allocation financing by passing an ordinance providing that after the total equalized assessed valuation of the taxable real property in a redevelopment project exceeds the certified total initial equalized assessed valuation of the taxable real property in the redevelopment project, the ad valorem taxes, and payments in lieu of taxes, if any, arising from the levies upon taxable real property in such redevelopment project by taxing districts and tax rates determined in the manner provided in subsection 2 of section 99.855 each year after the effective date of the ordinance until redevelopment costs have been paid shall be divided as follows:

(1) That portion of taxes levied upon each taxable lot, block, tract, or parcel of real property which is attributable to the initial equalized assessed value of each such taxable lot, block, tract, or parcel of real property in the area selected for the redevelopment project shall be allocated to and, when collected, shall be paid by the county collector to the respective affected

**EXPLANATION--Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

taxing districts in the manner required by law in the absence of the adoption of tax increment allocation financing;

(2) Payments in lieu of taxes attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in the area selected for the redevelopment project over and above the initial equalized assessed value of each such unit of property in the area selected for the redevelopment project shall be allocated to and, when collected, shall be paid to the municipal treasurer who shall deposit such payment in lieu of taxes into a special fund called the "Special Allocation Fund" of the municipality for the purpose of paying redevelopment costs and obligations incurred in the payment thereof. Payments in lieu of taxes which are due and owing shall constitute a lien against the real estate of the redevelopment project from which they are derived. The municipality, **after deducting the amount required to be deposited into the affordable housing fund pursuant to subdivision (3) of this subsection**, may, in the ordinance, pledge the funds in the special allocation fund for the payment of such costs and obligations and provide for the collection of payments in lieu of taxes, the lien of which may be foreclosed in the same manner as a special assessment lien as provided in section 88.861, RSMo. No part of the current equalized assessed valuation of each lot, block, tract, or parcel of property in the area selected for the redevelopment project attributable to any increase above the total initial equalized assessed value of such properties shall be used in calculating the general state school aid formula provided for in section 163.031, RSMo, until such time as all redevelopment costs have been paid as provided for in this section and section 99.850[.];

**(3) For all redevelopment projects which include housing units, twenty percent of the amount of payments in lieu of taxes deposited into the special allocation fund shall be transferred from the special allocation fund and deposited into a special fund called the "Affordable Housing Fund" which shall be administered by the municipality. The municipality shall utilize the moneys in the affordable housing fund to provide low interest loans and grants for the provision within the municipality of affordable housing units as defined in section 32.105, RSMo. Prior to receiving loans or grants from the affordable housing fund, an owner or any successive owner shall enter into an eighteen year use agreement limiting the use of the units to affordable housing during the life of the use agreement. If the use agreement is violated, the city may sue to recover the full grant or loan amount, plus damages of not more than one thousand dollars per month accruing on the first day of each month of violation of the use agreement. The performance of such agreement shall be secured by a deed of trust or other lien encumbering the property and shall be recorded with the recorder of deeds. As principal and interest on such loans are repaid and as any such damages are paid, the amounts shall be deposited in the special allocation fund, or if such fund is dissolved, shall be distributed as surplus funds are distributed under the provisions of**

**section 99.850, RSMo. The provisions of this subdivision shall only apply to redevelopment plans and projects adopted or redevelopment projects approved by ordinance after December 31, 1997;**

**(4) In lieu of complying with the provisions of subdivision (3) of this subsection, the proponents of the redevelopment project may elect to set aside ten percent of any new housing units created under the redevelopment plan for the provision of affordable housing units as defined under section 32.105, RSMo. The minimum number of housing units required to be set aside shall be reduced by the number of housing units the sponsor of the redevelopment project constructs or acquires outside of the redevelopment project area, provided such housing units are maintained as affordable housing units as described in this subdivision, and are used as replacement housing for residents displaced by the redevelopment projects. The owner or any successive owner of such low income housing units shall enter into an eighteen year use agreement with the municipality limiting the use of such units to the provision of low income housing. If the use agreement is violated, the municipality may file suit to recover damages at the rate of one thousand dollars per month accruing on the first day of each month of violation of the use agreement. The performance of the agreement shall be secured by a deed of trust or other lien encumbering the parcel and shall be recorded with the recorder of deeds. As any such damages are paid, the amounts shall be deposited in the special allocation fund, or if such fund is dissolved, shall be distributed as surplus funds are distributed under the provisions of section 99.850, RSMo. The provisions of this subdivision shall only apply to redevelopment plans and projects adopted or redevelopment projects approved by ordinance after December 31, 1997.**

2. In addition to the payments in lieu of taxes described in subdivision (2) of subsection 1 of this section, for redevelopment plans and projects adopted or redevelopment projects approved by ordinance after July 12, 1990, and prior to August 31, 1991, fifty percent of the total additional revenue from taxes imposed by the municipality, or other taxing districts, which are generated by economic activities within the area of the redevelopment project over the amount of such taxes generated by economic activities within the area of the redevelopment project in the calendar year prior to the adoption of the redevelopment project by ordinance, while tax increment financing remains in effect, but excluding taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments other than payments in lieu of taxes, shall be allocated to, and paid by the collecting officer to the treasurer or other designated financial officer of the municipality, who shall deposit such funds in a separate segregated account within the special allocation fund. Any provision of an agreement, contract or covenant entered into prior to July 12, 1990, between a municipality and any other political subdivision which provides for an appropriation of other municipal revenues to the special allocation fund shall be and remain enforceable.

3. In addition to the payments in lieu of taxes described in subdivision (2) of subsection 1 of this section, for redevelopment plans and projects adopted or redevelopment projects approved by ordinance after August 31, 1991, fifty percent of the total additional revenue from taxes which are imposed by the municipality or other taxing districts, and which are generated by economic activities within the area of the redevelopment project over the amount of such taxes generated by economic activities within the area of the redevelopment project in the calendar year prior to the adoption of the redevelopment project by ordinance, while tax increment financing remains in effect, but excluding taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments and personal property taxes, other than payments in lieu of taxes, shall be allocated to, and paid by the collecting officer to the treasurer or other designated financial officer of the municipality, who shall deposit such funds in a separate segregated account within the special allocation fund.

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