

**REQUEST FOR COUNCIL ACTION**

MEETING  
DATE: 3/7/11

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<b>AGENDA SECTION:</b> Consent Agenda	<b>ORIGINATING DEPT:</b> City Administrator	<b>ITEM NO.</b> D-2
<b>ITEM DESCRIPTION</b> Joint Powers Agreement between the City of Rochester and MHFA for the administration of the Housing Tax Credit Program for 2012		<b>PREPARED BY:</b> T. Spaeth

The City of Rochester is a suballocator of housing tax credits. In past years the City has entered into a Joint Powers Agreement with the Minnesota Housing Finance Agency (MHFA) for the administration of the Housing Tax Credit program.

Under a Joint Powers Agreement, the MHFA reviews and scores applications for housing tax credits based upon the MHFA's Qualified Allocation Plan (Several years ago, the City also adopted the MHFA's Qualified Allocation Plan, rather than have its own separate Plan.). MHFA in return, will collect the application and scoring fees from the applicants to cover their expenses. Any proposed tax credit development project proposed in Rochester would compete directly with other Greater Minnesota cities tax credits. If it scores competitively, it will be awarded both the City's tax credit allocation and an additional amount up to MHFA's maximum cap (approx. \$1Million). This eliminates the need to compete for subsequent rounds of tax credit funding. This is of benefit to the awarded projects. In addition, MHFA will be responsible for the compliance monitoring and tax credit reporting for those projects.

The reason for this agreement is to provide a greater efficiency by having the applicants work directly with MHFA staff, rather than through the sub-allocators (such as City of Rochester) for application for tax credits and the day to day program administration.

This arrangement has worked out well in the past, and staff is seeking Council approval to enter into a Joint Powers Agreement for the 2012 housing tax credits.

**COUNCIL ACTION REQUESTED:**

Adopt Resolution to adopt the MHFA's 2012 Qualified Allocation Plan and approve the MHFA 2012 Joint Powers Agreement and directing Mayor and City Clerk to execute the Joint Powers Agreement and tax credit transfer on behalf of the City of Rochester.

**COUNCIL ACTION:** Motion by: \_\_\_\_\_ Second by: \_\_\_\_\_ to:

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