

4d Participation Agreement

Property Owner(s): _____ (herein referred to as "Owner(s)")

Building 1:

Address(es): _____, **Minneapolis, MN 55**

Legal Description: _____

Total Building Units: _____

Percentage (%) of Units in building restricted to be affordable to and occupied by households at or below 60% of Area Median Income _____.

Building 2:

Address(es): _____, **Minneapolis, MN 55**

Legal Description: _____

Total Building Units: _____

Percentage (%) of Units in building restricted to be affordable to and occupied by households at or below 60% of Area Median Income _____.

Building 3:

Address(es): _____, **Minneapolis, MN 55**

Legal Description: _____

Total Building Units: _____

Percentage (%) of Units in building restricted to be affordable to and occupied by households at or below 60% of Area Median Income _____.

(collectively, the "Property")

Date: _____, 20____

1. The Owner certifies that he/she/they are the Owner(s) of record of the Property.
2. The Owner has previously submitted to the City a complete 4d program application and rent roll demonstrating that the percentages of the rental housing units located in each Building as indicated above have rents that do not exceed 30% of the gross income of a family whose income equals 60% of the median family income as most recently established by HUD for the Minneapolis/St. Paul standard metropolitan statistical area.

3. The Owner has agreed to record a declaration against each building of the above described Property limiting the rents and incomes on the applicable percentages of the rental housing units located on each building as further described in the form of declaration attached hereto as Exhibit A (the "Declaration") so that Owner can qualify for preferable tax classification as class 4d under Minnesota Statutes §273.13, Subdivision 25(e) for such Building. The Owner specifically represents that such preferable tax classification along with access to the other financial incentives described in this Participation Agreement is sufficient consideration for executing and filing the Declaration.

4. The Owner certifies that no existing tenants in the Property have been or will be evicted because of the filing of the Declaration.

5. Upon satisfaction of the foregoing conditions, the City will, in cooperation with the Owner:
 - a. Record the Declaration(s) in the Hennepin County land records.

 - b. Submit Owner's first application to the State of Minnesota for the certification of 4d classification under Minnesota Statutes §273.128 for the Property and pay the associated application fee ("4d Application Fee").

 - c. Qualify Owner for application to any and all City Green Business Cost-Share and Solar Energy funding offered for multifamily housing properties if owner elects to participate. For projects that were constructed within _____ of the execution of the Declaration, Owner shall only be eligible to apply for up to 50% Green Cost Share match, capped at \$100,000 per project.

 - d. Provide Owner with a grant in an amount equal to \$_____ (not to exceed \$1,000) to help the Owner cover the cost of complying with the administrative and reporting requirements of the Declaration(s) as well as to help the Owner make health, safety and energy efficiency improvements to the Property.

IN FURTHERANCE WHEREOF, the parties have executed this Agreement as of _____, 20__.

OWNER: _____

OWNER: _____

CITY OF MINNEAPOLIS:

Andrea Brennan, Housing Development and Policy Director

DECLARATION OF RESTRICTIVE COVENANTS

THIS DECLARATION OF RESTRICTIVE COVENANTS, is made effective as of the ____ day of _____, 20__ by _____ a[n] _____ (hereinafter called "Owner"), having its offices at _____, in favor of the City of Minneapolis, a Minnesota municipal corporation (the "City").

WITNESSETH:

WHEREAS, Owner and the City have entered into that certain Green and Affordable 4D Participation Agreement dated ____, 20__ (the "Participation Agreement"), pursuant to which the City is offering certain financial incentives in exchange for Owner limiting rents and incomes on certain rental housing units located at the following addresses:

and

WHEREAS, but for the making and recording of this Declaration, the City would be unwilling to qualify the property for preferable tax classification or provide the other financial incentives described in the Participation Agreement;

NOW, THEREFORE, in consideration of said mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

SECTION 1. Definitions.

In this Declaration, unless a different meaning clearly appears from the context:

AFFORDABILITY PERIOD – A period commencing on the Date of this Declaration and continuing for 10 years.

AFFORDABLE UNITS– _____ units in the Project as identified on Exhibit B attached hereto *[unless reduced pursuant to Section 8 hereof]*. Specifically, ____ () studio units, ____ () one-bedroom units, ____ () two-bedroom units and ____ () three-bedroom units. *[and/or _____ bedrooms in the Project.] (if single room occupancy, rooming house or group home rented by the bedroom)*

ANNUAL INCOME – means adjusted gross income as defined in S.62 of the United States Internal Revenue Code, of all members of a household (this is the “Adjusted Gross Income” amount reported on IRS form 1040).

HUD – The United States Department of Housing and Urban Development.

LAND – The real property located in Hennepin County, Minnesota, and legally described on Exhibit A attached hereto and made a part hereof.

LOW-INCOME FAMILIES – Individuals or families whose Annual Income does not exceed 60 percent of the Median Family Income.

MEDIAN FAMILY INCOME – The "Median Family Income" as most recently established by HUD for the Minneapolis/St. Paul standard metropolitan statistical area, adjusted for family size.

PROJECT – A _____ unit rental housing building located at _____, on the Land in Minneapolis, Minnesota.

SHORT-TERM RENTALS – Units rented in periods of less than one month.

UNIT – a rental dwelling in the Project, except that in the case of a single-room occupancy only Project, a rooming house or a group home, a “Unit” shall be a bedroom rented in the Project.

SECTION 2. Representations.

Owner represents to and for the benefit of the City that Owner has duly authorized, executed and delivered this Declaration pursuant to proper authorization therefor; that this Declaration constitutes a valid and binding obligation of the Owner, enforceable in accordance with its terms, except only as such enforceability may be limited by bankruptcy, moratorium, reorganization or other laws, or principles of equity, affecting creditors' rights; and that the execution and delivery of this Declaration does not constitute a breach, violation or default under any law, regulation, order, judgment or ruling binding upon Owner, or a default under any indenture, mortgage, agreement or other instrument to which Owner is subject or by which it or its property is bound. The Owner specifically represents that the preferable tax classification that it will receive in exchange for encumbering its Land with this Declaration, along with the grant funds and access to the other financial incentives described in the Participation Agreement is sufficient consideration for executing and filing this Declaration. It is the Owner’s responsibility to submit an annual report to the City and a 4d application to Minnesota Housing in order to continue receiving such preferable tax classification and failure to do so shall not void or limit the enforceability of this Declaration.

SECTION 3. Restrictions on Use.

- A. Owner agrees to develop, operate and manage the Project according to the terms of this Declaration for the duration of the Affordability Period.
- B. During the Affordability Period, this Declaration shall constitute covenants running with the Land and be binding on the successors and assigns of Owner and on all parties having or acquiring any rights, title, or interest in the Project.
- C. Rental of the Project shall be in accordance with the following:

- (a) All of the Affordable Units shall be occupied by households with incomes that are 60 percent or less of the Median Family Income and shall bear rents not greater than 30 percent of the adjusted income of a family whose gross income equals 60 percent of the Median Family Income. The requirements of this Section 3(C)(a) shall be satisfied despite a temporary non-compliance with Section 3(C)(a), if the non-compliance is caused because either (i) a current tenant as of the date of this Declaration is in one of the Affordable Units or (ii) the incomes of tenants that were income qualified upon occupancy increase and if actions satisfactory to the City are being taken to ensure that all vacancies of Affordable Units are filled in accordance with this Section 3(C)(a) until the non-compliance is corrected. Notwithstanding the foregoing, any Affordable Units rented by the bedroom must have rents that are limited to 60% of the published studio/efficiency rent that is affordable to households making 60% of Median Family Income.
- (b) The initial rent schedule for the Affordable Units is attached hereto as Exhibit B. In no event will the City require the Affordable Unit gross rents to be set lower than the rents listed on the bottom of Exhibit B.
- (c) Subject to the limitations on rents imposed by Section 3(C)(a), Owner shall not raise rents for tenants in the Affordable Units by more than 6% annually unless the Owner provides evidence that a larger rent increase is needed to address deferred maintenance or unanticipated operating cost increases and City staff approve such larger rent increase.
- (d) Owner may not refuse to lease an Apartment Unit in the Project to a prospective tenant because the prospective tenant is a Section 8 certificate or voucher holder, or a participant in any other tenant-based assistance program.
- (e) The City may, upon request, review and approve rents not more frequently than annually for consistency with this Agreement.
- (f) Except for tenants already in the Affordable Units, Owner shall secure an income certification from the proposed tenant(s) of each Affordable Unit prior to such tenant(s)' initial occupancy. Such income certificate shall contain a statement of the total Annual Income for the previous year of each person who proposes to live in the Affordable Unit during that year. Upon request of the City, Owner shall re-certify the Annual Incomes of tenants in Affordable Units, provided that the City may not request re-certification more frequently than every three (3) years. Owner shall retain all records related to compliance with this Declaration for a minimum of six (6) years after termination of the Affordability Period.
- (g) Owner shall not permit (1) short-term leasing (leases of less than 30 days) in any Affordable Units or (2) subleasing of the Affordable Units by tenants. Owner may facilitate subleases of Affordable Units provided Owner ensures proper income verification for any subletting tenant.
- (h) On or before March 31 of each year of the Affordability Period the Owner shall make annual reports to the City on the forms available online at www.minneapolismn.gov/4d.

- (i) Owner shall use affirmative fair housing marketing practices in soliciting renters, determining eligibility and concluding all transactions and provide evidence of compliance to the City upon request.

SECTION 4. Restrictions on Sale of the Project.

Owner agrees not to sell, transfer, convey or assign the Affordable Units (except leases in the ordinary course of business) without first obtaining the express written assumption by the purchaser, transferee, grantee, or assignee of the obligations imposed on Owner by this Declaration and providing a copy to the City with the name of the new contact person responsible for compliance with the Declaration; provided, however, that this Declaration shall remain enforceable against a purchaser, transferee, grantee, or assignee even in the absence of a written assumption. Any sale in violation of this Declaration shall be null and void at the election of the City.

SECTION 5. Covenants: Binding Upon Successors in Interest.

It is intended and agreed that the covenants provided in this Agreement shall be covenants running with the Land and that they shall, in any event, and without regard to technical classification or designation, legal or otherwise, be binding on Owner, the successors and assigns of Owner, and all parties having or acquiring any right, title, or interest in all or any part of the Land. This Declaration shall be enforceable against all such parties to the fullest extent permitted by law and equity for the benefit and in favor of the City, its successors and assigns. It is expressly agreed and acknowledged that: the covenants provided in this Declaration are in addition to the provisions of any other documents; this Declaration shall not be deemed to limit or merge into any other documents or vice versa; this Declaration shall survive the expiration or termination of any of the other documents; and the satisfaction or release of any other documents shall not be deemed to be a satisfaction or release of this Declaration. This Declaration may not be amended unless such amendment is in writing, signed by the Owner and the City and recorded against the Land.

Notwithstanding the foregoing, this Declaration shall terminate upon a conveyance of the Land after foreclosure, deed-in-lieu of foreclosure or assignment to a first mortgage holder unaffiliated with the Owner.

SECTION 6. Remedies for Default.

In the event of any default, failure, violation, or any other action or inaction by Owner specified in this Declaration, the City at its option may institute such actions or proceedings at law or in equity as it may deem desirable for effectuating the provisions of this Declaration, including without limitation actions for specific performance, damages (including, but not limited to, return of previously obtained tax benefits), and injunctive relief, and including also any remedy allowed under the terms of any other documents. In any successful action or proceeding to enforce its rights under this Declaration, the City shall be entitled to the recovery from Owner of reasonable attorneys' fees. In addition to the foregoing, the City shall enforce compliance consistent with the terms of its City Council adopted Program Guidelines for the 4D Affordable Housing Incentive Program as modified from time to time.

SECTION 7. Notices and Demands.

A notice, demand, or other communication under this Declaration by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

- A. in the case of Owner, is addressed to or delivered personally to Owner at:

B. in the case of the City, is addressed to or delivered personally to the City at:

City of Minneapolis
Department of Community Planning and Economic Development
Crown Roller Mill, Suite 200
105 Fifth Avenue South
Minneapolis, Minnesota 55401-2534
ATTENTION: Director

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this Section.

[SECTION 8. Reduction of Affordable Units. During the first 5 years of the Affordability Period, Owner may request a reduction of the number of Affordable Units subject to this Declaration by paying a fee of \$2,000 per Affordable Unit reduction. After the first 5 years, if Owner has complied with the terms of this Declaration for at least five (5) years, Owner may request a reduction of the number of Affordable Units subject to this Declaration without having to pay a fee. In either of the foregoing situations, the City will execute an amendment to this Declaration reflecting the reduce the revised number of Affordable Units, provided that IN NO CASE will a reduction below 20% of the Units in the project be permitted (_____ Units/bedrooms).

(Signature pages follow.)

**EXHIBIT A
TO AFFORDABLE HOUSING DECLARATION OF RESTRICTIVE COVENANTS**

LEGAL DESCRIPTION

**EXHIBIT B
TO AFFORDABLE HOUSING DECLARATION OF RESTRICTIVE COVENANTS**

INITIAL RENT SCHEDULE

Address	Unit #	Bedroom Size	Current Rent*

60% AMI Maximum* Rent Limits, 2020 Program				
Studio/Efficiency	1 BR	2 BR	3 BR	4 BR
\$1,086	\$1,164	\$1,396	\$1,613	\$1,800
*Annual rent increases also limited to 6% for tenants in affordable units. 60% AMI rent limits may increase in future years, based on changes in median income for the Minneapolis-St. Paul metro.				

**Attachment I
to
Affordable Housing Declaration
of Restrictive Covenants**

Annual Certification

Minneapolis 4D Program											
Annual Certification of Rents & Incomes						60% AMI Maximum Rent Limits, 2019					
						Studio/Eff/0	1 BR	2 BR	3 BR	4 BR	
						\$1,050	\$1,125	\$1,350	\$1,560	\$1,740	
Project Name						60% AMI Maximum* Income Limits, 2019					
Certification Dates (Mo/Year) _____ to _____						1 person	2 people	3 people	4 people	5 people	
# of 60% AMI Units _____						\$42,000	\$48,000	\$54,000	\$60,000	\$64,800	
# of Total Units _____						*Incomes must be verified at move in only					
Owner						Race Categories *					
Owner Representative _____						I = American Indian or Native American W = White					
Title _____						A = Asian O = Other					
Report Completed By						B = Black or African American N/A = Declined to Report					
Title _____						N = Native Hawaiian or Other Pacific Islander					
Date _____											

UNIT INFO (All Units)						EXISTING HOUSEHOLD	MOVE IN ELIGIBILITY (New Tenants Only)					DEMOGRAPHICS DATA (New Tenants Only)		
Address	Unit #	# BR's	Rent as of January 1st of Previous Year	Rent as of January 1st of Current Year	% of Rent Increase from Previous Year to Current Year (Max 6% Unless Turnover)	New Tenant Household, Post-Closing (Y/N); If Y, complete Move In Eligibility Information & Demographics, Columns H-Q	Move In Date	Household Size at Move In	Adjusted Gross Income of Household at Move In	Rent (Including Subsidy Portion, if any)	Section 8 or Other Tenant Based Assistance (Y/N)	Comments	Race*	Ethnicity (Hispanic/Latino) (Y/N or N/A = Declined to Report)
105 5th Ave S	e.g. 1	3					9/15/2018	4	\$50,000					
105 5th Ave S	e.g. 2	3												
105 5th Ave S	e.g. 3	2					6/1/2018	3	\$50,000					