

CITY OF MINNEAPOLIS

# Preserving affordable housing

## Opportunities for rental property owners

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# What is “affordable housing”

- Renter or owner pays less than 30% of household gross income.
- Minneapolis-St. Paul Area Median Income (AMI) used to set rent and income eligibility limits.
- Minneapolis rental programs mainly preserve housing at 50% or 60% AMI



# 4d Affordable Housing Incentive Program



In exchange for a 40% reduction in property taxes, owners of the buildings above agreed to keep rents affordable for the next 10 years

# Benefits for Property Owners

- 10-year eligibility for 4d property tax rate, a 40% reduction on qualifying units.
- Grant of \$100 per affordable unit, cap of \$1,000/property
- Payment of first year fee to [State of Minnesota for Low Income Rental Classification \(LIRC\) \(doc\)](#)
- Free or low cost energy efficiency and healthy homes assessments
- [Green Housing](#) and healthy homes cost share funding that can cover 90% of qualified energy or health upgrades
- Priority for [Solar Project funding](#) up to \$75,000 per project

# Eligibility guidelines

- At least 20% of the rental units in a building are affordable to household with incomes at or below 60% of the Area Median Income.
- Existing tenants do not need to be income qualified.
- Going forward, income qualification for tenants is determined upon initial occupancy only.
- Tier 1 or 2 rental license with no rental housing license revocations or outstanding housing orders.
- 2+ units in the building, or on the tax parcel
- Buildings can include units with owner occupants, but only rental units are eligible for 4d tax status.

# Property owner commitment

- Record a 10 year declaration on property stating:
  - At least 20% of units at a property (e.g. 2 units at a 10-unit property) will remain affordable to households making 60% of Area Median Income (AMI). You may enroll up to 100% of the units in the building.
  - Rent increases for tenants in affordable units are limited to 6% or less annually, unless the unit is turning over to a new tenant or the owner provides evidence that a larger rent increase is needed to address deferred maintenance or unanticipated operating cost increases.
- If a building is sold, declarations run with the property.

# 60% AMI Rents & Incomes

- Existing tenants in units with 60% AMI rents do not need to be income qualified.
- Going forward, new tenants must have incomes below 60% AMI upon initial occupancy. Thereafter, increased incomes of tenants in affordable units will not violate the program requirements.

Maximum Rents, 2019	
Efficiency	\$991
1 BR	\$1,062
2 BR	\$1,273
3 BR	\$1,471
4 BR	\$1,640

Maximum Household Incomes, 2019	
1 person	\$39,660
2 people	\$45,300
3 people	\$50,940
4 people	\$56,580
5 people	\$61,140
6 people	\$65,640

# How to apply

- **November 29, 2018** – City begins accepting applications through the [online application portal](#).
- **February 12, 2019** at 5:00 p.m. – Submission deadline.
- **February 26, 2019** – City notifies selected applicants via email and provides instructions about next steps.
- **March 14, 2019** at 5:00 p.m. – Deadline for selected applicants to submit signed Minnesota LIRC application, signed [City participation agreement and affordability declaration \(PDF\)](#), and [Supplier Application including Form W-9 \(PDF\)](#) to the City of Minneapolis.
- **March 31, 2019** – City submits LIRC applications to Minnesota Housing on behalf of all selected applicants



# Energy efficiency and solar funding

- **March 1, May, July 2019** – deadlines for [Green Cost Share funding \(PDF\)](#).
- **December 1, February 1, April 1, June 1, 2019** – deadlines [Solar Cost Share funding \(PDF\)](#)
- Priority given to 4d program participants
- Funds are first come, first serve so it's better to apply early



*4d participant Beth Barron, owner of 2715 Humboldt Ave S. applied for Green Cost Share Funds to cover 90% of the costs to install a new boiler and water heater, and insulate exterior side walls at her property*

# Other Important Dates & Ongoing Compliance

- **April and May of 2019** – selected applicants receive Minneapolis 4d incentive grants (\$100 - \$1,000 per property) via US mail
- **Aug. 2019** – Minnesota Housing certifies LIRC (4d) classifications
- **November 2019** – 4d program participants receive a notice of proposed levies and taxes for 2020 reflecting 4d designation beginning 2020.
- **March 2020 – March 2029** [Annual Compliance Form \(xls\)](#) due. Must be submitted prior to submitting renewal paperwork to Minnesota Housing.
- **March 31, 2020 to March 2029** – annual [renewal paperwork](#) due to Minnesota Housing to retain 4d status

# Selling your property?

- The City works with non-profit partner organizations that can pay you a fair price for your property, close a transaction in a timely manner, and help apartments stay affordable by utilizing City financing.

- **Contact**

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# Questions?

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*2018 4d pilot properties at 1721 3<sup>rd</sup> Ave S. (left) and 1916 Colfax Ave S. (right)*