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CITY OF SAINT PAUL

**4d Affordable Housing Preservation Incentive Program:
Release of Covenants for 556 Gotzian St.**



Local 4d Program: Enabled by State Law

- Minnesota Statute 273.128 provides that qualifying low-income rental properties are eligible for a **class rate reduction in property taxes** to aid in the **preservation and sustainability of affordable rental housing** in the state of Minnesota.
- Once a unit is enrolled in our local 4d Program, the HRA will qualify the property to Minnesota Housing, which then classifies the relevant units as 4d. Once this State approval is granted, Minnesota Housing certifies the units with approved 4d status to the Ramsey County Assessor.
- This amounts, in most cases, to an 80% reduction to these units' effective property tax rate (in prior years, 40% reduction). The reduction is pro-rated if only a portion of the units are rent and income restricted. This tax savings is redistributed to properties not enrolled in 4d.



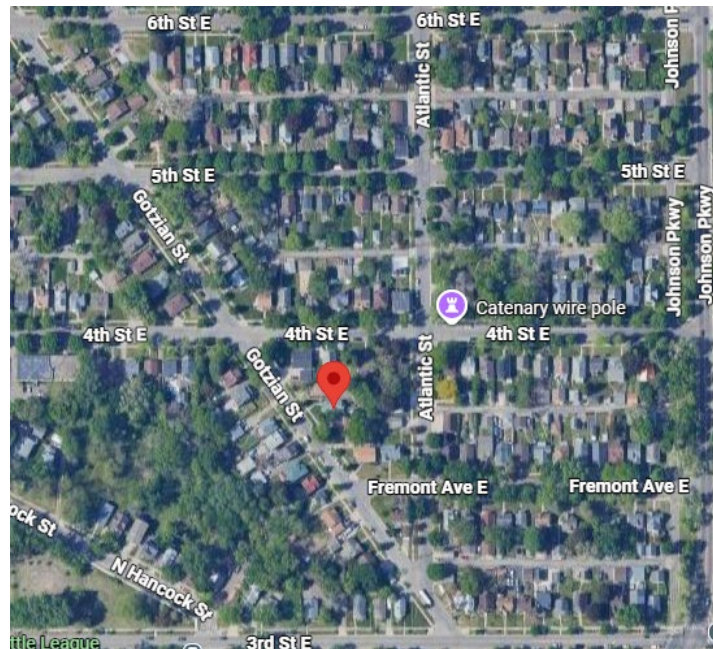
High-Level Overview of the 4d Compliance Process

1. Currently enrolled properties receive a compliance form, which they fill out themselves
2. City staff reviews forms, looking primarily for compliance with maximum rent limits, 3% annual increase limits, and new household income limits
3. Once verified as compliant, a list of properties compliant is sent to the State to continue the process
 - o Program participants only receive benefits in proportion to their unit enrollments
 - o The State cross-references our list with their own, which they receive via mail, and issues final determination to the County for assessments.
4. Changes to enrollment
 - o Could choose to be non-compliant with the program, and lose tax benefit. Could become compliant in the following year
 - o Almost never allow un-enrollment from the program since a new property owner could just choose non-compliance. When 4d properties are purchased and planned for demolition, HRA can consider removing the declaration.



What is being asked

- 556 Gotzian St. is a single unit, restricted at 50% AMI and enrolled in 4d in 2023
- Home is in the purchasing process with an income-qualifying prospective owner-occupier who is utilizing DPA funds
- HRA is requested to release the restrictive covenant on 556 Gotzian St., so that the sale may commence





Questions?