

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA

REPORT TO THE COMMISSIONERS

DATE: JUNE 24, 2026

REGARDING: AUTHORIZATION TO RELEASE THE 4(D) AFFORDABLE HOUSING
INCENTIVE PROGRAM COVENANT ON 556 GOTZIAN ST, SAINT PAUL

Requested Board Action

Authorization to release the restrictive covenant from the 4(d) Affordable Housing Incentive Program (“4(d)”) on 556 Gotzian St, Saint Paul.

Background

The Housing and Redevelopment Authority of the City of Saint Paul established the 4d Affordable Housing Incentive Program (the “4d Program”) in 2019 as a key tool to address the need to maintain and protect affordable housing in the City. The 4d Program aims to preserve the affordability of Saint Paul’s Naturally Occurring Affordable Housing (NOAH) stock by providing property owners with an avenue to attain “4d/LIRC” (“Low-income rental classification”) tax status.

The 4d Program offers Saint Paul NOAH property owners an avenue to receive the 4d/LIRC lower class tax rate that is used for large-scale subsidized multifamily development (e.g. Low Income Housing Tax Credit or LIHTC developments). To enroll, property owners must commit to preserving a minimum number of a building’s units for affordability to low-income households earning up to 50% or 60% of Area Median Income. Owners must sign a Declaration of Restrictive Covenants and commit to a ten-year rent and tenant income restriction tied to the units in order to receive the 4d/LIRC tax class rate which, to date, has meant up to an 80% reduction in their property tax obligation. Since the introduction of the program in 2019, the HRA has secured restrictions on over 450 properties and over 3,500 units across 5 enrollment cycles.

556 Gotzian Street

556 Gotzian St is a 1 unit, 3-bedroom property that enrolled in the 4d program in 2023, and restricted the income of the unit at 50%AMI. The owner is currently in the selling process to an

income-qualifying owner-occupier, who is using DPA funds. 4d Guidelines stipulate that units enrolled in the program must only be sold to owner-occupiers when their income is within 80%AMI, which this prospective buyer is. Since this is a 1-unit site, the allowance of the sale would necessitate the removal of the covenant declaration and participation agreement, as there would no longer be any rental units remaining at the property; only rental unit may qualify for the 4d program.

In order for the sale to occur with clear title, the buyer is requesting the HRA release the restrictive covenant on the property placed by the HRA for the 4d program.

Budget Action

There is no budget action associated with this item.

Future Action

N/A

Public Purpose/Comprehensive Plan Conformance:

Not applicable.

Recommendation:

Staff recommend approval of the authorization to release the restrictive covenant and participation agreement on 556 Gotzian Street.

Sponsored by: Commissioner Cheniqua Johnson

Staff: Lucas Allen (651-266-6583)

Attachments