



4d Affordable Housing Report

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Report on Class 4d Affordable Housing

- Overview and history of the 4d classification
- Tax implications of this classification
- Estimated impact of a reduction to the classification rate
- Stakeholder feedback, including from members of local governments, the assessment community, and nonprofits

The 4d Classification

- Certified by MHFA
 - 20% of Units meet “low-income housing” requirement
 - Household income limits
 - Rent limits
- Valued by unit

The 4d Classification - Tiers

| Assessment Year | Class 4d Second Tier Limit | Total Number of 4d Units | Total Number of 4d Units Whose Value Qualifies for the Second Tier | Percentage of Total 4d Units Whose Value Qualifies for the Second Tier |
|-----------------|----------------------------|--------------------------|--|--|
| 2021 | \$174,000 | 83,968 | 4,630 | 5.5% |
| 2020 | \$162,000 | 79,868 | 4,907 | 6.1% |
| 2019 | \$150,000 | 75,363 | 4,091 | 5.4% |

Number of 4d Housing Units by Funding Type

| Assessment Year | (1) Project-Based Section 8 units | (2) Section 42 low- income housing tax credit units | (3) USDA Rural Housing rental assistance units | (4) Other units financing with recorded income and rent restrictions | Total Number of Units Receiving the 4d Classification |
|-----------------|---|--|---|---|--|
| 2021 | 27,928 | 42,410 | 4,539 | 9,091 | 83,968 |
| 2020 | 27,969 | 40,159 | 4,512 | 7,228 | 79,868 |
| 2019 | 27,890 | 37,569 | 4,371 | 5,533 | 75,363 |

Taxes Paid by 4d Housing Units

| | (1) Project-Based Section 8 units | (2) Section 42 low- income housing tax credit units | (3) U.S. Department of Agriculture Rural Housing rental assistance units | (4) Other units with U.S., Minnesota, or local financing with recorded income and rent restrictions | Total Number of Units Receiving the Low-Income Rental Classification (4d) |
|--|---|--|---|---|--|
| 4d Classified Property Tax (Pay 2021) | \$21,410,000 | \$44,575,000 | \$2,023,000 | \$7,449,000 | \$75,457,000 |

Proposed Classification Rate Change

| Payable Year 2021 Estimates | Class 4d Share of Tax Base at 0.75%/0.25% Class Rate | Change in Tax Base with Class 4d at 0.25% Class Rate | Average Dollar Change for Residential Homestead Net Property Tax | Average Percentage Change in Residential Homestead Net Property Tax |
|--------------------------------|---|--|--|--|
| Statewide | 0.62% | -0.41% | \$17 | 0.52% |
| Metro Seven County | 0.84% | -0.55% | \$25 | 0.62% |
| Greater MN | 0.31% | -0.21% | \$8 | 0.31% |

Thank you!

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