



March 10, 2021

Dear Chair Youakim and Members, House Property Tax Division:

As you consider HF 1157 - Howard, which includes modifications to the 4d low-income rental housing program, Metro Cities appreciates the opportunity to provide the following comments.

Metro Cities supports the current 4d property tax program, which provides operating revenue supports at the development stage of affordable housing projects. However, prior to expanding the program, Metro Cities supports an evaluation of the impacts an expansion would have for local property tax bases. Existing data does not provide the city-by-city analysis that looks at each jurisdiction's unique property tax structure. City officials are concerned that an expansion of the 4d program could have consequential impacts for local property tax structures and believe that these effects should be evaluated at the city level before expanding the program.

Specifically, Metro Cities supports HF 1298 - Her, a study that would include a determination of baselines for properties classified as 4d (number of 4d units, number of units not classified as 4d, the property tax paid in 2021, the 2021 property tax reduction due to 4d, the total 4d units in each of the last 10 years) and the impact on local property taxes if the proposed expansion were to go into effect.

The 4d expansion bill before the committee today would expand the program at the state level without information of the effects of an expansion at the local level such as decreases in net tax capacities and tax shifts to lower-income and fixed income households. The analysis in Rep. Her's bill would provide important information on the effects of a 4d program expansion on local tax bases.

Thank you for the opportunity to comment. Please feel free to contact me with any questions.

A handwritten signature in black ink that reads "Charlie Vander Aarde". The signature is written in a cursive, flowing style.

Charlie Vander Aarde
Government Relations Specialist