

Subject Affordable housing market value exclusion

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Overview

Establishes the affordable housing market value exclusion. The bill would give cities the option to participate in a program that would allow properties within the city to receive the affordable housing market value exclusion. The exclusion would reduce the taxable market value by 50 percent for apartment properties that meet certain affordable housing requirements. The provision is effective beginning with assessment year 2023, for taxes payable in 2024.

Summary

Section	Description
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| 1 | <p>Market value definition.</p> <p>Conforming change, adds the affordable housing market value exclusion to the list of property tax exclusions in the section of statute that defines market value.</p> |
| 2 | <p>Affordable housing market value exclusion program; establishment.</p> <p>Subd. 1. Definitions. Defines city, governing body, market value, and property for the purposes of the affordable housing market value exclusion program.</p> <p>Subd. 2. Establishment. States that the program is established to promote the development and redevelopment of affordable rental properties in the state by providing a 50 percent exclusion to qualifying properties.</p> <p>Subd. 3. Approval. Allows the governing body of a city to adopt a resolution agreeing to participate in the affordable market value exclusion program. The city must provide public notice of its intent to participate in the program. Once participation is established, the city must adopt a separate resolution for each property the governing body approves to receive the exclusion.</p> <p>Subd. 4. Eligibility. Sets eligibility criteria for properties located in participating cities. A property is eligible if:</p> <ul style="list-style-type: none">▪ it is not classified as 4d; |

Section	Description
	<ul style="list-style-type: none">▪ construction of the property began on or after January 1, 2022; and▪ the Minnesota Housing Finance Agency certifies that (i) at least 20 percent of the units in the property are available for residents whose household income does not exceed 60 percent of the greater of area or state median income, and (ii) at least 80 percent of the available units are occupied by residents meeting the income requirement. <p>Property owners must annually apply to the Minnesota Housing Finance Agency in order to receive the exclusion. The Minnesota Housing Finance Agency must annually certify to county and city assessors properties that qualify for the exclusion.</p> <p>Subd. 5. Duration. Allows participating cities to determine the number of years each property is eligible to receive the exclusion. Eligible properties must be allowed to receive the exclusion for at least ten but not more than 20 years.</p>
3	<p>Affordable housing value exclusion.</p> <p>Establishes the affordable housing value exclusion for qualifying properties in participating cities. The exclusion amount is 50 percent of a property's market value and must be calculated after any other exclusions or adjustments that the property qualifies for.</p>
4	<p>Contents of tax statements.</p> <p>Adds the affordable housing market value exclusion to the property tax statement.</p>



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