

HOUSE RESEARCH

Bill Summary

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Overview

H.F. 44 provides for a housing opportunity area tax abatement program for section 8 housing units that are located in low poverty areas and in certain cities or towns where less than ten percent of the residents live below the poverty level. The abatement is available for these section 8 units up to the greater of: two units, or 20 percent of the units in the building. Effective for taxes payable in 2010 and thereafter.

Section

1 Housing opportunity tax abatement.

Subdivision 1. Purpose. States that the purpose of establishing the housing opportunity tax abatement program is to promote economic diversity throughout Minnesota and to alleviate the concentration of low-income household in high poverty areas.

Subd. 2. Definitions.

- ▶ “Housing authority”
- ▶ “Housing choice voucher” means a tenant voucher issued by a housing authority under section 8;
- ▶ “Housing opportunity area” means a census tract where less than ten percent of the residents live below the poverty level, and that is located in a qualified city or town;
- ▶ “Housing opportunity unit” means a dwelling unit located in residential property located in a housing opportunity area that is owned by the applicant and rented to and occupied by a tenant who is participating in a housing choice

voucher program;

- ▶ “Qualified units” means the number of housing opportunity units located in the property, with the limitation that no more than two units or 20 percent of the total units in the property, whichever is greater, may be considered qualified units. The unit must also be in compliance with local building codes and housing quality standards.
- ▶ “Qualified city or town” means a home rule charter or statutory city or town that is (1) located in a county with a population of 200,000 or more, and (2) whose net tax capacity per capita exceeds the average net tax capacity per capita of all cities or towns in the county in which it is located.
- ▶ “Net tax per capita” means the adjusted net tax capacity of all taxable real property in the city or town or county divided by the total population of that city, town or county.

Subd. 3. Application by owner; determination by housing authority. Provides that an owner within a housing opportunity area who has a housing choice voucher contract may annually apply to the housing authority for the housing opportunity area tax abatement. The housing authority shall establish rules and procedures governing the application process and may charge an application fee.

Subd. 4 Housing opportunity areas. Requires the housing authority to deliver a list of properties qualifying for the tax abatement by December 31 of the assessment year to the county auditor. The list must include the number of qualified units and the total units for each property.

Subd. 5. County auditor. Provides the county auditor shall annually deliver a list to the housing authority of the most recent available adjusted net tax capacity for the county as a whole and for cities and towns requested by the authority.

Subd. 6. Abatement. Requires the county auditor to abate the tax attributable to that portion of the property determined to be eligible for the housing opportunity tax abatement. The amount shall be determined by reducing the tax as follows: 20 percent of the adjusted net tax capacity of the property multiplied by a fraction in which the numerator is the number of qualified units and the denominator is the total number of dwelling units located within the property. The amount of abatement will be shown as a credit on the property tax statement.

Subd. 7. Exclusion by petition of municipality. Allows any home rule charter or statutory city or town to petition annually to the county auditor to be excluded from a housing opportunity area if more than two percent of the total residential units located within that municipality are occupied by tenants under the housing choice voucher program. Properties within an excluded municipality are not eligible for the abatement.

Effective for taxes assessed in 2009, payable in 2010 and thereafter.