

4d AFFORDABLE HOUSING PROGRAM GUIDE

Affordable, safe, and stable housing is vital to the wellbeing and prosperity of any community. Due to current market trends, already burdened low- to moderate-income residents are spending more than 30 percent of their income on housing and utilities, and many rental property owners face increased operating costs, maintenance costs, and property taxes.

The City of Golden Valley's 4d Affordable Housing Program offers incentives that reduce property tax liability, with the ultimate goal of preserving affordability and strengthening the bottom line for rental property owners.

ELIGIBILITY

To be eligible for the 4d Program, owners of multi-family rental properties must:

- have at least 10 units in the building or tax parcel that are rental units, not units with owner occupants
- have the ability to register at least 20 percent of the rental units in a building to be affordable to households whose family income is at or below 60 percent of the area median income
- be a licensed rental property in good standing with no code compliance violations

The Golden Valley Housing & Redevelopment Authority (HRA) reserves the right to deny applications to the City's 4d Affordable Housing Program if the owner or property manager applying owns or manages other properties with outstanding City Code compliance issues.

BENEFITS

A 2015 study by the Housing Justice Center suggests that 4d property tax status would directly result in a property tax reduction of approximately \$40 per unit per month. This amount varies based on the value of the property, the tax levy, and the number of units enrolled in the program; however, as tax bills tend to go up every year, the value of the 4d tax reduction would likely continue to increase in value.

Additional benefits to rental property owners include:

- payment of the first year's application fee to the State of Minnesota for certification of the 4d property tax classification (\$10 per unit, capped at \$100 per property)
- one-time grant in the amount of \$100 per affordable unit, capped at \$1,000 per property
- free energy efficiency and healthy homes assessments through Xcel Energy and Center-Point Energy
- payment of the recording fee for the declaration against the property
- potential reduction of renter turnover due to tenant stability
- lower maintenance and operating costs, if owners take advantage of opportunities to make energy efficiency improvements to properties

PROCESS AND PROGRAM REQUIREMENTS

1. The Golden Valley HRA receives and reviews 4d Program applications annually and accepts applications Jan 1–Feb 29 (28 in non-leap years).
2. Property owners submit a 4d Program application and rent roll to the HRA and sign a participation agreement. The participation agreement includes a commitment to accept tenant based assistance and affirmative fair marketing and prohibits involuntary displacement of existing tenants.
3. The City of Golden Valley drafts and records a declaration against the property that limits the rents and income on the qualified units for 10 years. A recorded document is required for 4d tax classification status per Minnesota Statute 273.128. The declaration also limits rent increases for tenants in affordable units to 5 percent or less annually as long as the rent stays at or below the 60 percent median income limit for the Minneapolis-St Paul-Bloomington area each year as determined by the US Department of Housing and Urban Development. Exceptions to this increase limit will only be allowed if the unit is turning over to a new tenant before the next allowed annual increase or the owner provides evidence that a larger rent increase is needed to address deferred maintenance or unanticipated operating cost increases.
4. The City of Golden Valley will provide a grant to each 4d property, in the amount of \$100 per affordable unit, capped at \$1,000 per property. The funding is intended to help property owners cover the cost of 4d administrative and reporting requirements associated with the program as well as to help rental property owners make health, safety, and energy efficiency improvements to properties.
5. Rental property owners select the percentage of units to restrict with a required minimum of 20 percent. If rental property owners select more than 20 percent of their units, after five years and upon request, the City will approve a reduction of the percentage of rent-restricted units to a minimum level of 20 percent of the units per property.
6. Property owners complete and sign a Minnesota Housing Low Income Rental Classification Application once the declaration is filed.
7. The Golden Valley HRA will submit a signed 4d application, application fee, and declaration to Minnesota Housing on behalf of the rental property owner for the first year only. After the first year, rental property owners are responsible for submitting annual applications to Minnesota Housing to renew 4d tax classification status.
8. Optionally, property owners may be eligible for the Multifamily Building Efficiency Program through Xcel Energy and/or CenterPoint Energy. This free energy assessment includes direct install of low-cost improvements such as LED lights and faucet aerators. Additionally, because the building would be certified as multifamily affordable housing, twice the amount of incentives would be available compared to multifamily market rate housing. More information can be found at www.multifamilyenergysolutions.com.

MODIFICATIONS TO DECLARATIONS

The declaration for the 4d Program runs with the property. Anyone buying or selling 4d property should contact the City’s Planning Manager, Jason Zimmerman, to complete an assignment, assumption, and consent form transferring the declaration to the new property owner. Any other changes to the declaration, such as revisions to the Exhibit B document specifying which units in the building are restricted, should also contact Zimmerman.

ANNUAL COMPLIANCE

Beyond the first year, 4d Program property owners are required to submit the following documents annually to maintain their 4d tax classification status:

- 4d application to Minnesota Housing
- report form to the City of Golden Valley

These forms will be provided on both the Minnesota Housing and the City of Golden Valley websites.

2019 RENT AND INCOME RESTRICTIONS

Rent and income limits are based on 60 percent of the Minneapolis-St Paul-Bloomington AMI as determined and updated by the US Department of Housing and Urban Development each year in the spring.

60% AMI Maximum Rent Limits, FY 2019	
<i>Unit Type</i>	<i>Rent Limit</i>
Studio/Efficiency	\$1,050
1 Bedroom	\$1,125
2 Bedroom	\$1,350
3 Bedroom	\$1,560
4 Bedroom	\$1,740
5 Bedroom	\$1,920

60% AMI Maximum Income Limits, FY 2019	
<i>Household Size</i>	<i>Income Limit</i>
1 person	\$42,000
2 person	\$48,000
3 person	\$54,000
4 person	\$60,000
5 person	\$64,800
6 person	\$69,600
7 person	\$74,400
8 person	\$79,200

The City of Golden Valley will publish an annual rent and income schedule based on the Minneapolis-St Paul-Bloomington 60 percent AMI standard set by the US Department of Housing and Urban Development.

Rental property owners do not need to verify incomes of existing tenants. Thereafter, increased incomes of tenants in affordable units will not violate the program requirements. If units turn over and new tenants move in, owners must verify tenant incomes and report them to the City of Golden Valley on an annual basis. Owners can verify tenant incomes using the Adjusted Gross Income reported on the tenant’s tax returns. Additionally, owners can advertise vacancies on HousingLink, as renters who meet income qualification standards for the program often use this website to find housing.