



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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