

S.F. No. 3200 – Establishes the Affordable Housing Market Value Exclusion (as proposed to be amended by A-2)

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SF 3200 establishes an affordable housing market value exclusion to promote the development of affordable rental properties.

Section 1. Market value definition. Adds the affordable housing market value exclusion to the statutory list of market value exclusions.

Section 2. Affordable housing market value exclusion program; establishment.

Subd. 1. Definitions. Defines “municipality,” “governing body,” “market value,” and “property.”

Subd. 2. Establishment. Establishes a new affordable housing market value exclusion that provides eligible properties with a 50% market value exclusion.

Subd. 3. Approval. Requires the governing body of a municipality to adopt a resolution agreeing to participate in the program after public notice and a public hearing. A governing body must also adopt a separate resolution for each property the governing body determines shall receive the exclusion.

Subd. 4. Eligibility. A property is eligible for the affordable housing market value exclusion if:

- (1) the property is not classified, in whole or in part, as class 4d;
- (2) construction of the property began on or after January 1, 2022; and
- (3) at least 20% of the units are available for residents whose household income at the time of occupancy does not exceed 60% of the greater of area or state median income, and at least 80% of the available units are occupied by residents meeting the income requirement.

Application must be made to the Minnesota Housing Finance Agency (MHFA) by February 1st of each assessment year. If approved, MHFA must, by April 1st, certify to the county or city assessor the properties that qualify for the exclusion for the current assessment year.

Subd. 5. Duration. Provides that the governing body of a municipality determines the length of the market value exclusion, except that the exclusion shall apply for at least 10 but not more than 20 years.

Section 3. Affordable housing value exclusion. Provides that eligible properties shall receive the affordable housing market value exclusion. The exclusion shall be calculated after all other exclusions or adjustments for which the property may otherwise qualify.

Section 4. Contents of tax statements. Adds the affordable housing market value exclusion to the property tax statement.