



March 2, 2023

Dear Chair Rest and Members of the Senate Taxes Committee:

Metro Cities, representing the shared interests of cities across the seven-county metropolitan area, appreciates the opportunity to comment on SF 1957 - Rest, that would modify the class rate for the 4d low-income rental housing program and community land trust property. Metro Cities would like to comment on the class 4d low-income rental property portions of the bill specifically.

Metro Cities' policies support resources and tools for affordable housing and supports the current 4d property tax program that supports affordable housing projects at the development stage.

SF 1957 would expand the class-rate reduction to 0.25 percent for all existing and future qualifying 4d properties. Metro Cities is concerned that this expansion may result in property tax shifts onto existing residents and businesses. A 2022 Department of Revenue 4d Affordable Housing Report shows several cities with a large share of 4d affordable housing that could be disproportionately affected by this change, with two cities anticipated to see a net tax capacity reduction as high as 6.7%.

Metro Cities appreciates the inclusion of transition aid for local governments to address tax shifts, as well as a reporting process for landlords to ensure property reinvestment by property owners. Metro Cities is concerned that the transition aid is temporary, particularly as additional properties seek this benefit. The association's policy supports a reporting process for landlords, as well as a sunset period for any changes made to the 4d program, so that an evaluation of the impacts of a program expansion can be made.

Thank you for your consideration of this letter.

Respectfully,

A handwritten signature in black ink that reads "Ania McDonnell". The signature is written in a cursive, flowing style.

Ania McDonnell  
Government Relations Specialist  
Metro Cities