

Overview of the Proposed 4d Program Changes

- **What is the 4d Affordable Housing Incentive Fund program?**
 - The 4d Affordable Housing Incentive Fund (4d program) provides rental property owners with a property tax reduction when they agree to provide affordable housing to low-income renters.
 - The 4d program currently requires property owners to restrict the rents on at least 20% of the units in a building to 60% of Area Median Income (AMI) for 10 years.
 - Participation in the City's 4d program is voluntary and enables property owners to apply for Low Income Rental Classification (LIRC) status through the State of Minnesota. Once the State awards LIRC status, the property is eligible for the reduced property tax rate.
- **Is enrollment in the City's 4d program the only way to receive LIRC status?**
 - No. Owners of rental properties with affordability restrictions through another program (such as Low Income Housing Tax Credits or the Affordable Housing Trust Fund) can apply directly to the State's LIRC program and do not need to participate in the City's 4d program.
- **What changes is the City proposing to the 4d Program?**
 - Reduce the rent and income restrictions from 60% AMI to 50% AMI.
 - Require 4d properties to enroll proportional unit by bedroom type, consistent with the Unified Housing Policy.
- **Why is the City considering changing the 4d program requirements?**
 - In 2023, the State Legislature approved a number of changes to the State's LIRC program, including lowering the tax class rate for participating properties.
 - This change resulted in nearly a six-fold increase in enrollment to the City's 4d program in 2024, compared to the average of prior years' enrollments. This increased number of applications has implications for staff capacity and the City's tax base.
 - Market rents in some parts of the City and in some unit types are less than 60% AMI.
- **Will these proposed changes affect properties already enrolled in the City's 4d program?**
 - No. These proposed changes would only apply to newly-enrolled properties and would not affect properties already enrolled in the City's 4d program.
- **When will these proposed changes be effective?**
 - These proposed changes are currently out for community review and comment. Staff will consider feedback from community in making a recommendation to Council. If approved by the City Council, these changes will be effective for the fall 2024 application round.

Please visit [4d Affordable Housing Incentive](#) for additional information on the program.