

4d Program: 2018-2020 Results

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4d Program Requirements

- 10 year affordability declaration stating:
 - >20% of units remain affordable to households making 60% of Area Median Income (AMI)
 - Rent increases on tenants limited to <6% annually. Larger increases up to 60% AMI cap permitted at unit turnover only.
- Eligibility guidelines
 - Tier 1 or 2 rental license & no outstanding housing orders or revocations
 - 2+ units in building or on the tax parcel
- Benefits for property owners
 - 10 year eligibility for State’s “LIRC” program, reducing property tax liability by 40%, applicable to affordable units only
 - Targeted energy efficiency, solar funding
 - \$100/unit grant & assistance with administrative costs
- Ongoing compliance
 - Report rents & tenant incomes to City
 - Submit LIRC/4d renewal paperwork Minnesota Housing status

Number & Size of 4d Units (2018-2020)

- 1,190 units total enrolled to date.
- Mix of unit sizes including 452 units with 2+ bedrooms.

Table 1: Citywide 4d Unit Count

Unit Type	2018	2019	2020	Total Units	% of Total Units
Efficiency	49	60	11	120	10%
1 BR	127	316	175	618	52%
2 BR	33	117	164	314	26%
3 BR	0	48	67	115	10%
4 BR	0	10	10	20	2%
5 BR	0	1	0	1	0%
6 BR	0	2	0	2	0%
Total # of Units	209	554	427	1,190	
Total # of Bedrooms	242	811	755	1,808	

Unit Count by Ward (2018-2020)

- At least one property in each City Council ward.
- Wards 9, 6, 4, 5, 10 had highest total units.

Figure 1: 4d Unit Count by Ward

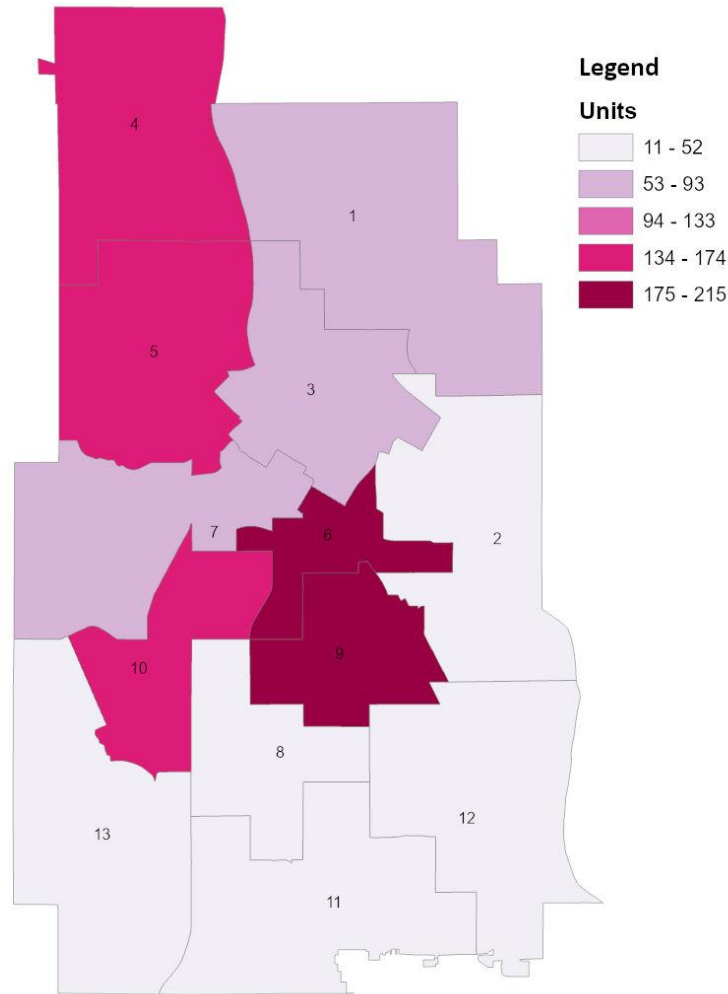


Table 2: 4d Unit Count by Ward Summary

Ward	Total Units	% of Total	Average BR Size	# of Eff	# of 1BR	# of 2BR	# of 3+ BR
1	64	5%	1.8	3	16	39	6
2	11	1%	1.9	1	3	4	3
3	88	7%	0.7	39	40	8	1
4	172	14%	1.3	7	111	49	5
5	165	14%	1.9	7	62	52	44
6	182	15%	1.4	17	103	39	23
7	52	4%	0.8	14	37	1	0
8	46	4%	1.9	0	17	21	8
9	215	18%	1.6	7	100	79	29
10	134	11%	1.1	25	87	6	16
11	14	1%	1.4	0	9	5	0
12	20	2%	1.7	0	8	11	1
13	27	2%	1.2	0	25	0	2

Unit Count by Neighborhood (2018-2020)

- 56 neighborhoods (67% of all neighborhoods) had at least 1 property.
- Whittier, Powderhorn Park, Elliot Park, and Folwell had over 80 units.

Figure 2: 4d Unit Count by Neighborhood

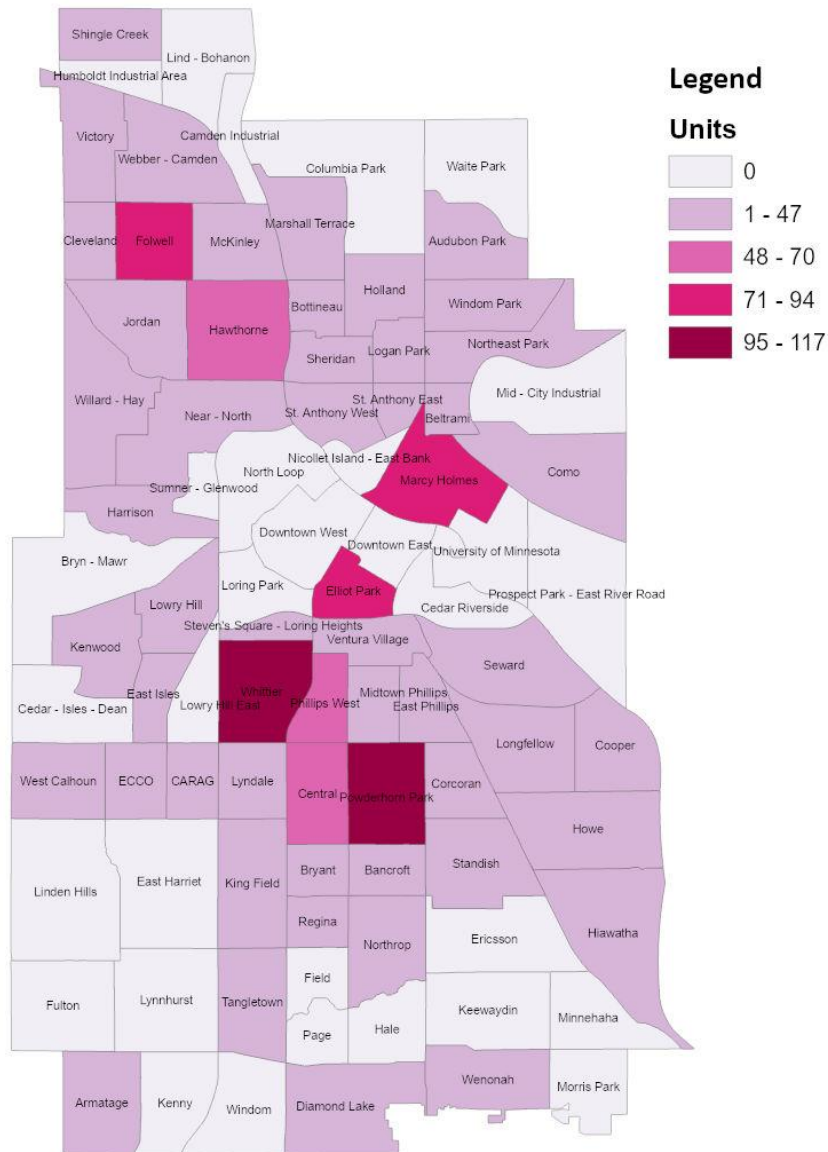


Table 3: 4d Unit Count by Neighborhood Summary

Neighborhood	Total Units	Average BR Size	# Of 30% AMI Units	# Of 30 -50% AMI Units	# Of 50-60% AMI Units
Armatage	2	3.0	0	1	1
Audubon Park	5	2.8	0	3	2
Bancroft	8	1.6	0	7	1
Beltrami	3	1.7	0	3	0
Bottineau	2	1.0	0	2	0
Bryant	6	2.7	0	5	1

Carag	15	1.0	0	12	3
Central	47	1.8	6	29	12
Cleveland	39	1.2	0	39	0
Como	2	2.0	0	2	0
Cooper	4	1.3	0	3	1
Corcoran	9	2.2	1	6	2
Diamond Lake	2	1.5	0	1	1
East Isles	11	1.1	0	10	1
East Phillips	23	2.0	0	21	2
Ecco	2	0.5	0	2	0
Elliot Park	86	1.0	0	74	12
Folwell	83	1.1	1	80	2
Harrison	19	1.0	1	18	0
Hawthorne	49	1.5	1	43	5
Hiawatha	9	1.3	0	7	2
Holland	5	2.2	0	4	1
Howe	1	1.0	0	1	0
Jordan	20	2.7	1	11	8
Kenwood	1	1.0	0	0	1
King Field	3	2.0	0	0	3
Logan Park	2	2.0	0	2	0
Longfellow	1	3.0	0	1	0
Lowry Hill	32	0.8	2	30	0
Lyndale	22	1.9	0	20	2
Marcy Holmes	73	0.5	0	72	1
Marshall Terrace	5	2.2	0	1	4
Mckinley	4	2.5	0	4	0
Midtown Phillips	44	1.7	1	37	6
Near-North	38	2.6	0	29	9
Northeast Park	2	2.0	0	1	1
Northrop	6	1.0	1	2	3
Phillips West	60	1.5	0	60	0
Powderhorn Park	94	1.4	2	81	11
Regina	1	2.0	0	1	0
Seward	6	2.2	2	4	0
Sheridan	6	1.8	0	2	4
Shingle Creek	2	2.0	0	2	0
St. Anthony East	2	1.5	0	1	1
St. Anthony West	2	2.0	0	2	0
Standish	10	2.0	0	8	2
Steven's Square - Loring Heights	12	0.6	0	12	0
Tangletown	4	1.0	0	4	0
Ventura Village	32	2.1	0	28	4
Victory	2	1.0	0	2	0
Webber-Camden	41	1.7	0	41	0
Wenonah	6	1.7	0	6	0

West Calhoun	25	1.0	0	9	16
Whittier	117	1.1	4	103	10
Willard-Hay	40	1.8	6	28	6
Windom Park	43	1.5	0	38	5
Grand Total	1,190	1.4	29	1,015	146

Unit Count by Community Area (2018-2020)

- At least one property in each community.
- Powderhorn, Camden, Near North, and Phillips have 100+ 4d units.

Figure 3: 4d Unit Count by Community Area

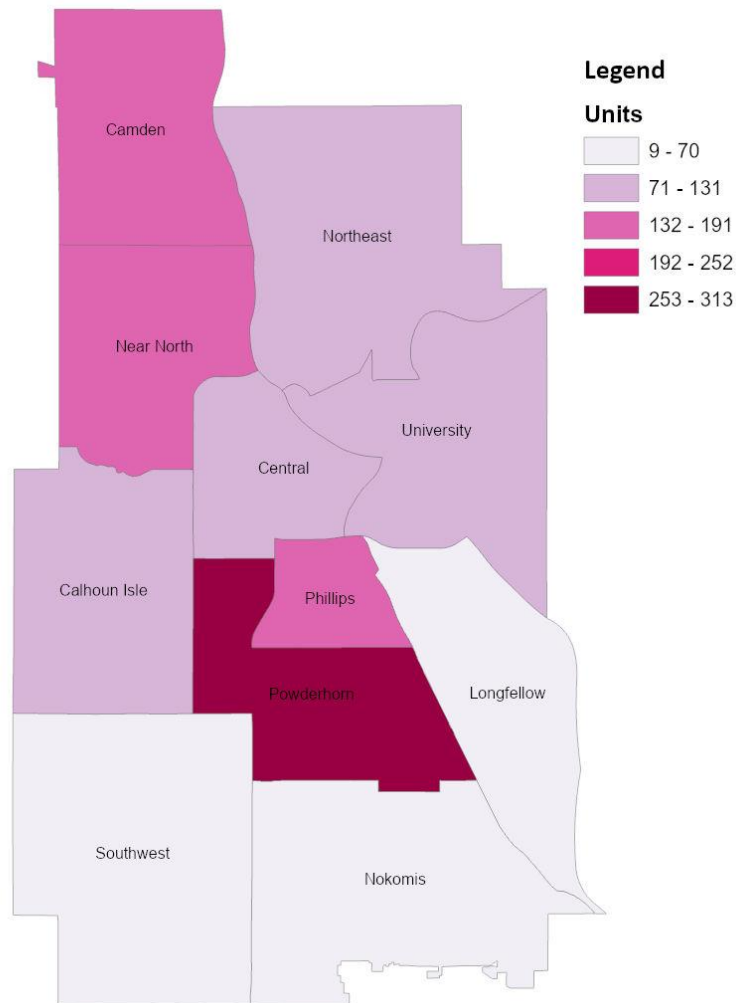


Table 4: 4d Unit Count by Community Area Summary

Community	Total Units	% of Total	Average BR Size	# of Eff	# of 1BR	# of 2BR	# of 3+ BR
Calhoun-Isles	86	7%	0.9	6	79	1	0
Camden	171	14%	1.3	7	110	49	5
Central	98	8%	1.0	23	59	12	4
Longfellow	21	2%	1.6	1	11	5	4

Near North	166	14%	1.9	7	65	52	42
Nokomis	15	1%	1.4	0	9	6	0
Northeast	77	6%	1.8	3	22	45	7
Phillips	159	13%	1.7	5	61	66	27
Powderhorn	313	26%	1.5	29	164	76	44
Southwest	9	1%	1.8	0	5	1	3
University	75	6%	0.5	39	34	2	0

Citywide Unit Affordability (2018-2020)

- 88% of units are affordable to households making less than 50% of AMI.
- Current median rents for all bedroom sizes are below 50% AMI.
- Tenants are protected by 6% cap on rent increases.

Table 5: 4d Rent Affordability by Unit Size

Unit Size	Median Rent	60% AMI Rent	% Below Maximum
Studio	\$750	\$1,086	30.9%
1BR	\$830	\$1,164	28.7%
2BR	\$950	\$1,396	31.9%
3BR	\$1,270	\$1,613	21.3%
4BR	\$1,475	\$1,800	18.1%

Table 6: Count of 4d Unit Levels of Affordability

Level of Affordability	Number of Units	% of Total
30% AMI or less	29	2.4%
31-50% AMI	1,015	85.3%
51-60% AMI	146	12.3%

Application Statistics (2019-2020)

- Percentage of submitted applications that were enrolled in the 4d program increased significantly over the past year.
 - In 2020, 79% of applicants enrolled in the 4d program, compared to 56% in 2019.

Table 7: 2019-2020 Application Information

Application Status	2020 Units	% of Total	2019 Units	% of Total	Combined Applications
Property enrolled in program	427	79%	561	56%	988
Property owner withdrew/did not complete enrollment	88	16%	406	41%	494
Application denied—Tier 3 license or open housing violations	25	5%	29	3%	54
Total	540		996		1,536

Owner & Property Characteristics (2018-2020)

- Number of enrolled property owners per year has increased over the past three years.
 - More small-scale landlords who own less than 4 units have enrolled as the 4d program has become more widely known across the City.

Table 8: 4d Owner Information

	2018	2019	2020	Total
Number of Owners	8	42	67	112
Average Units per Owner	26	13	6	11

- Number of individual properties has increased over the past three years.
 - A majority of enrolled buildings in 2020 were less than 4 units.
 - 106 2-4 unit properties with 220 units total
 - 22 5+ unit properties with 207 units total
 - 17% of buildings were homesteaded properties due to owner occupants of 2-4 unit properties enrolling rental units in the program.

Table 9: 4d Property Information

	2018	2019	2020	Total
Number of Properties	17	111	128	256
Average Units per Property	12	5	3	7
% of Properties with a Homesteaded Unit	0%	6%	17%	12%
Average Property Tier	1.1	1.2	1.1	1.2

New Household Characteristics

- 582 units (76%) occupied by original tenant at enrollment.
- 201 new tenants over the past two years.
 - 125 1-person households, 49 2-person households, 19 3+ person households*

Table 10: New Tenant Household AMI

Household AMI	# of Households	% of Total Households
<30% AMI	47	26%
30-50% AMI	99	54%
51-60% AMI	19	10%
>60% AMI**	20	11%
Total	185***	100%

* Missing data on household size for 8 households.

**These 20 units (1.7% of enrolled units) are out of compliance with program rules. City staff is working with property owners to bring these units back into compliance.

***Missing data on exact household income level for 18 households.

Energy Efficiency & Solar Results (2018-2020)

- Properties enrolled in the 4d program are eligible to receive Green Cost Share funding up to \$50,000 per building and 90% of project costs, with eligibility determined by a free energy assessment; and Solar Energy incentives of up to \$50,000 per project.
- The energy savings over the past three years could power about 191 single family homes for a year.

Table 11: 4d Energy Efficiency & Solar Savings

Solar Energy Projects	2018	2019*	2020**	Total
# of projects	0	0	3	3
Kilowatts-DC	0	0	78.4	78.4
Est. Kilowatt hours (kWh)***	0	0	95,688	95,688
Est. CO2 reductions	0	0	84,018	84,018
Homes powered w/ savings	0	0	11	11
Energy Efficiency Projects				
# of projects	3	20	26	49
Est. Kilowatt hours (kWh)	249,666	578,495	791,981	1,620,142
Est. CO2 reductions	99,696	282,633	330,624	712,953
Homes powered w/ savings	28	64	88	180

*2019 had two solar arrays that had to be carried over into 2020.

** 2020 data is preliminary. Due to budgetary restraints related to the coronavirus, applications are on hold until there is greater budget certainty.

***Numbers provided are based on estimated first year electrical and natural gas savings. Lifetime savings are much greater.