

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 1902

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**Version:** As introduced

**Authors:** Lesch and others

**Subject:** Property taxation; creating a housing opportunity area tax abatement program

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### Overview

Authorizes property tax abatements for certain properties participating in the federal "section 8" housing voucher program. To qualify, a property must be located in a county with a population of at least 200,000, and in a city or town with a property tax base per capita that is higher than the county average property tax base per capita, and in a census tract where less than 10 percent of the residents live below the poverty level. Cities or towns with more than two percent of total residential units under the section 8 program may opt-out of the abatement program, but otherwise the abatement is available to qualifying properties in all jurisdictions. The program takes effect for taxes payable in 2007 and thereafter.

### Section

#### **1 Housing opportunity tax abatement.**

**Subdivision 1. Purpose.** States that the purpose of the program created by the bill is to promote economic diversity and alleviate concentrations of low-income households in high poverty areas.

**Subd. 2.** Defines the following terms:

- "Housing authority" means an agency authorized to administer a housing choice voucher ("section 8") program.

## Section

- "Housing opportunity area" means a census tract located in a qualified city or town where less than ten percent of the residents live below the poverty level.
- "Housing opportunity unit" means a dwelling unit in a housing opportunity area that is rented to and occupied by a tenant participating in the "section 8" program.
- "Qualified units" means the number of housing opportunity units located on a property; no more than two units or twenty percent of the total units on the property, whichever is greater, may be considered qualified units. In order to be a qualified unit, the unit must be in substantial compliance with local building codes, and must meet the U.S. Dept. of Housing & Urban Development's housing quality standards.
- "Qualified city or town" means a city or town located within a county that has a population of at least 200,000, and whose adjusted net tax capacity per capita exceeds the average adjusted net tax capacity per capita of all cities or towns in the county.

**Subd. 3. Application; determination of eligibility.** Provides that a property owner having one or more qualified units may apply for a tax abatement by annually filing an application with the housing authority that administers the section 8 program. The authority must determine the number of qualified units on each property for which an application is received. The authority is allowed to charge an application fee.

**Subd. 4. Housing opportunity areas.** The housing authority is charged with determining the housing opportunity areas within its service area, and a list of all properties within the service area containing qualified units, the number of qualified units in each, and the total number of dwelling units in each.

**Subd. 5. County auditor; data.** Requires the county auditor to provide the housing authority with the adjusted net tax capacity data necessary to determine area eligibility.

**Subd. 6. Abatement.** Provides for a tax abatement for properties containing qualifying units equal to 20 percent of the adjusted net tax capacity of the property, prorated by the ratio of the number of qualified units on the property to the total number of residential units on the property.

**Subd. 7. Exclusion by petition of municipality.** Provides that each year any city or town may opt-out of the abatement program if more than two percent of the residential units in the city or town are under the section 8 program.