



SAINT PAUL 4D AFFORDABLE HOUSING INCENTIVE

2023 4D PROGRAM GUIDELINES

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4D AFFORDABLE HOUSING INCENTIVE PROGRAM 2023 PROGRAM GUIDELINES

The City of Saint Paul (the “City”) and the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the “HRA”) remain dedicated to supporting the preservation of quality affordable housing, while addressing the increasing financial difficulties between renters’ ability to make ends meet and owners’ ability to keep rents affordable. As a response to these challenges, the HRA’s **4d Affordable Housing Incentive Program** (“4d Program”) supports Saint Paul’s rental property owners who, in turn, support their tenants and our community by preserving safe and healthy units for lower-income households. This 4d Program offers significant financial incentive for these owners’ commitments: **most rental units in Saint Paul would receive at least a 40% property tax rate reduction if enrolled in the Saint Paul 4d Program.**

I. HOW IT WORKS

For tax purposes, most rental units in Saint Paul are designated under the **4a** (*multifamily 4+ unit “apartment”*) or **4b** (*non-homesteaded 2-3 unit*) **property classifications**. These and other classifications each define a specific **class tax rate**, as determined in Minnesota State statute. This class tax rate is assessed against a property’s taxable market value to calculate its **tax capacity**—against which various State and local property tax rates are in turn applied to calculate the property’s overall tax burden. That is: a property’s classification directly determines the amount of property taxes levied on the property.

Specifically, the class tax rate on Saint Paul’s majority-4a/4b rental properties is set at 1.25%. By contrast, **rental units preserved for low-income households may be redesignated under the 4d “low-income rental” classification (“LIRC”), which lowers the class tax rate for these units to 0.75%.** This amounts, in most cases, to at least a **40% reduction** to these 4d/LIRC units’ share of the property’s tax capacity.

The HRA established the Saint Paul 4d Program as a means for rental property owners to qualify their eligible property for 4d/LIRC status and its associated tax benefit. Once a property is enrolled in the 4d Program, the HRA will qualify the property to the Minnesota Housing Finance Agency (“Minnesota Housing”), which exercises final decision-making authority on 4d/LIRC reclassifications. Once this State approval is granted, Minnesota Housing will certify the units with approved 4d/LIRC status to the Ramsey County Assessor. The 4d tax rate will then be assessed on those certified 4d “LIRC” units for property taxes payable beginning the following tax year.

FOR MORE INFORMATION

- Visit www.stpaul.gov/4d for all 4d Program enrollment, application, and compliance materials.
- Visit www.mnhousing.gov for information on Minnesota Housing’s role in 4d/LIRC certification, including [Minnesota Housing’s Low Income Rental Classification Guidelines](#).
- Visit www.revisor.mn.gov to review the statutory basis for the classification and certification of 4d/LIRC properties—especially the following sections:
 - [273.13, subd. 25](#), on the definition of 4d and other rental property classifications; and
 - [273.128, subd. 3](#), on the certification of low-income rental property.
- Visit www.house.leg.state.mn.us/hrd/ for the Minnesota Congressional House Research Department for further information on Minnesota Property Tax, including:
 - [Property Tax 101: Basic Terms and Concepts](#)
 - [Property Tax 101: Property Tax Variation by Property Type](#)

If you need this translated or in an alternative format, please call us at 651-266-6100

¿Necesita esta traducción? Comuníquese con nosotros al 651-266-6100

Ma u baahan tahay tarjamadaan Nago soo wac 651-266-6100

Xav tau qhov no txhais los? Hu rau peb ntawm 651-266-6100

III. ELIGIBILITY CRITERIA

Eligible properties enrolled in the 4d Program must meet the following criteria:

PROPERTY REQUIREMENTS

- **Location:** Only properties in the City of Saint Paul may participate in the Saint Paul 4d Program.
- **Rental Status:** Only rental units are eligible for 4d classification.
 - ❖ **Owner-Occupied units** cannot be classified as 4d, although rented units in owner-occupied properties may still be eligible for 4d classification.
 - ❖ **Short-Term Rental units** (leased at any time for less than 30 days) fall under a separate tax classification, and are not eligible for 4d status.
- **Property Size:** The property may have any number of units, including 1-Unit “Single Family” homes.

PROPERTY CONDITION REQUIREMENTS

The 4d Program requires a minimum standard of Owners’ responsibility over the health and safety of their qualifying properties. The City’s Department of Safety and Inspections (“DSI”) conducts regular inspections of properties’ compliance with all state and local safety/building codes, which is documented by DSI’s issuance of a **Fire Certificate of Occupancy (“C of O”)** for the property (except on exempt properties).³

- **Fire Certificate of Occupancy Status:** Unless exempt per DSI guidelines, a valid Certificate of Occupancy (“C of O”) or Provisional Certificate of Occupancy for the property must have been issued by DSI and must be current at time of enrollment into the 4d Program.
- **Inspection/Code Adherence:** Unless exempt from a C of O per DSI guidelines, DSI designates the extent of a property’s safety/building code compliance or violation by an A to D grading scale. The property must have a C of O inspection grade of either **A** or **B**, as designated by DSI.
 - Check the status and Inspection Grade of your Fire Certificate of Occupancy at: www.stpaul.gov/departments/safety-inspections/certificate-occupancy-map
 - Learn more about C of Os, inspections, and improving DSI Inspection Grades at: www.stpaul.gov/departments/safety-inspections

Note: To maintain 4d/LIRC status on a non-exempt property, its C of O must remain in current and valid standing, and its inspection grade either maintained above a C grade, or actively remedied otherwise. C of O revocations or inspection downgrades must be remedied by the January 31 recertification deadline.

OWNERS’ REQUIREMENTS

- **Consent from All Owners:** All parties with an ownership interest in the property must be willing to sign a **4d Agreement and Declaration** committing the property to the terms of its 10-year enrollment in the 4d Program. (See [Section IV. MINIMUM AFFORDABILITY COMMITMENTS](#))
 - If a property is owned in the name of any married individuals (versus a business entity or trust), this also requires the consent of their spouse.
- **Rental License Status/History:** Owners with rental license or Certificate of Occupancy revocations or outstanding citations for any rental properties they own or have owned may not be eligible for 4d Program enrollment.
- **Tenant Non-Discrimination:** Owners are required to comply with affirmative fair housing marketing practices, including non-discrimination against rental applicants with tenant-based assistance, e.g. a Section 8 voucher—should the prospective tenant(s) otherwise meet the Owner’s rental screening guidelines. (See [Section VII.](#))

³ All residential buildings that are **not owner-occupied** must have a Fire Certificate of Occupancy. (Note that **one- and two-unit** dwellings registered as rental properties in or after 2007 shall receive a *Provisional* Fire Certificate of Occupancy to temporarily permit continued occupancy, pending inspection of the existing structure.)



IV. MINIMUM AFFORDABILITY COMMITMENTS

Qualification of a property to the reduced LIRC class tax rate through the 4d Program is based on the commitment to preserve eligible units for both long-term affordability to and initial occupancy by tenants whose household income is within limits at the time coherent with the namesake of those units' 4d "Low Income Rental" classification for the duration of the 10-year period of enrollment.

This means that 4d units are both **rent-restricted** and **income-restricted**, based on the preservation of 4d/LIRC-designated units for households with an income of up to 50% or 60% of the Area Median Income, or "AMI." This AMI, and corresponding rent and income limits, are determined annually by the United States Department of Housing and Urban Development ("HUD") for the seven-county Minneapolis-St. Paul metropolitan statistical area.⁴

Effective for all units at time of enrollment into the 2023 4d Program, the current annual Area Median Income for a household of 4 is \$118,200. Refer to the following subsections for the specific 4d rent and income affordability limits based on these values, as adjusted for unit and household size.

MINIMUM 4D UNIT COMMITMENTS

The requirements below list the minimum proportion of units that must be designated for preservation under the "low income rental" classification's tax benefitted status, as committed to the terms of participation in the 4d Program.

4D PROGRAM MINIMUM UNIT COMMITMENTS	
Property Size (# of Units)	Minimum Unit Affordability Commitments Based on % of Area Median Income
1 Unit (Single-Family)	ALL 1-UNIT PROPERTIES MUST BE PRESERVED FOR HOUSEHOLDS WITH UP TO <u>50%</u> OF AMI.
2 Units (Duplex/Double)	AT LEAST 1 "DUPLEX" UNIT MUST BE PRESERVED FOR HOUSEHOLDS WITH UP TO <u>50%</u> OF AMI. Optional: Owners may elect to preserve the second unit in a duplex for households with up to <i>either</i> 50% or 60% of AMI for the required 10-year enrollment period.
3 Units or more (Multifamily)	"MULTIFAMILY" PROPERTIES WITH 3 OR MORE UNITS MUST BE COMMITTED WITH EITHER: 1) AT LEAST 20% OF MULTIFAMILY UNITS PRESERVED FOR HOUSEHOLDS WITH UP TO <u>50%</u> OF AMI. OR 2) AT LEAST 50% OF MULTIFAMILY UNITS PRESERVED FOR HOUSEHOLDS WITH UP TO <u>60%</u> OF AMI.* Optional: Conditional to meeting one of the above minimum commitments, multifamily property Owners may elect to preserve any combination of up to 100% of the property's remaining units for households with up to <i>either</i> 50% or 60% of AMI. <small>*In other words: Owners committing less than half of their units to 4d preservation must commit at least 20% of units to the deeper affordability of the 50% AMI 4d limits; this requirement is lifted at the threshold commitment of 50% of units, at which point the Owner may commit any number and combination of units at either of the 50% AMI or 60% AMI affordability limits.</small>

Note: only the units committed by the Owner to "LIRC" preservation under the terms of participation in the 4d Program will be assessed with the 4d classification and the reduced 4d class tax rate. The specific units making up this commitment must be designated on the [4d Rent Roll](#) form as part of Owners' 4d Application Package.

⁴ For further information on how AMI values and associated rent and income limits are determined, refer to:

- a 2022 HUD Income Limits FAQ at: www.huduser.gov/portal/datasets/il.html#2022_faq-collapse
- documentation related to Fair Market Rents at <https://www.huduser.gov/portal/datasets/fmr.html>
- HUD's Median Family Income methodology at <https://www.huduser.gov/portal/datasets/il/il22/Medians-Methodology-FY22.pdf>



2023 4D RENT LIMITS

"Affordable" rent is maximized at a rate not exceeding 30% of a household's income. HUD publishes maximum rent limits based on this affordability, including for households earning 50% and 60% of AMI, as adjusted by the number of bedrooms in a unit (as an approximation for 1.5 times the number of household members). 4d unit rents may never be raised above the maximum 4d rent limits.

2023 4D UNIT RENT LIMITS, adjusted by units' number of bedrooms, are listed below.

2023 4D RENT LIMITS (Monthly Contract Rate)		
Unit Size (# of Bedrooms)	50% AMI Maximum Rent	60% AMI Maximum Rent
(Studio/Efficiency) 0 BR	\$ 1,027	\$ 1,232
1 BR	\$ 1,100	\$ 1,320
2 BR	\$ 1,320	\$ 1,584
3 BR	\$ 1,525	\$ 1,830
4 BR	\$ 1,701	\$ 2,041
5 BR	\$ 1,956	\$ 2,347

Source: [Metropolitan Council](#) | [HUD Fair Market Rent Limits](#)
(effective April 2022)

3% LIMIT ON ANNUAL RENT INCREASE FOR CURRENT TENANTS

Rent for 4d unit tenants may not be raised by more than 3% in a 12-month period, unless prior written approval by the HRA is granted based on an exception permitted under Section 193A of the City of Saint Paul Code of Ordinances.

2023 4D HOUSEHOLD INCOME LIMITS

After their "low-income rental" reclassification, 4d units must only turn over to tenants whose gross household income, at time of their initial occupancy, does not exceed the unit's 50% or 60% AMI limit. The Owner must qualify incomes prior to execution of each lease of a 4d unit to a new tenant. (See Sections VII. and VIII. ANNUAL RECERTIFICATION OF COMPLIANCE)

2023 4D HOUSEHOLD INCOME LIMITS, adjusted by household size, are listed below.⁵

2023 4D HOUSEHOLD INCOME LIMITS		
Household Size (# of Persons)	50% AMI Income Limit	60% AMI Income Limit
1	\$ 41,100	\$ 49,320
2	\$ 46,950	\$ 56,340
3	\$ 52,800	\$ 63,360
4	\$ 58,650	\$ 70,380
5	\$ 63,350	\$ 76,020
6	\$ 68,050	\$ 81,660
7	\$ 72,750	\$ 87,300
8	\$ 77,450	\$ 92,940

Source: [Metropolitan Council](#) | [HUD Fair Market Rent Limits](#)
(effective April 2022)

Note: tenants *currently* renting any unit designated for 4d preservation at time of the property's enrollment are exempt from any income requirements.

⁵ A "household" and "family" synonymously refer to a single person or group of persons residing together, regardless of actual or perceived sexual orientation, gender identity, or marital status..." (see [24 CFR Part 5 "General HUD Program Requirements..."](#)).



V. APPLICATION REQUIREMENTS

All documents required to complete one 2023 4d Program Application Package per property must be submitted and/or postmarked for delivery to the HRA by **FRIDAY, DECEMBER 30, 2022**.

COMPLETE THE SAINT PAUL 4D PROGRAM APPLICATION ONLINE*

Access the 2023 4d Application form at the link below ↓

<https://forms.office.com/g/xYBjk5PNy1>

*Do **not** print the online form to submit as a hardcopy. If you experience difficulties with or lack electronic/internet access to the form, please request a printable version of the 2023 4d Application from staff directly.

4D APPLICATION PACKAGE

4d Applications will be considered incomplete and ineligible for review without the following:

- (1) A **4d Application form**, submitted online at the link above.
 - ❖ All parties—including the **SPOUSES of any INDIVIDUALS**—with an ownership interest must be listed on the 4d Application Form.
- (2) A **4d Rent Roll form**, listing current rents and sizes of all units at the property, and identifying which will be designated to meet 4d Program commitments. Download this form at www.stpaul.gov/4d
- (3) The following supporting documents of ownership are required depending on the type of each entity with an ownership interest in the property:
 - (3a) For properties owned by a **BUSINESS/CORPORATE ENTITY**:
 - ❖ A **Certificate of Good Standing** certified as current from the Minnesota Secretary of State. This can be ordered on the Secretary of State's business filings webpage at: <https://mbisportal.sos.state.mn.us/Business/Search>
 - (3b) For properties owned by a **TRUSTEE under a TRUST AGREEMENT**:⁶
 - ❖ An unsigned, *draft copy* of the **Certificate of Trust**
 - ❖ An unsigned, *draft copy* of the **Affidavit of Trustee**
 - (3c) For properties involving a **CONTRACT FOR DEED** or similar **installment land contract**:
 - ❖ A copy of the fully executed and **recorded contract document** setting forth the contractual relationship of the parties with a secured interest in the property.⁷

Deliver or postmark all required documentation by **Friday, December 30, 2022**, to:

4d@stpaul.gov

or **1100 City Hall Annex**
25 West 4th St
Saint Paul, MN 55102
ATTN: 4d Program

⁶ These trust documents must be provided as template versions for City staff to review as part of verifying property title/ownership; they must not be executed until time of closing on 4d Program enrollment. Trustees should obtain an attorney to prepare these documents and to determine any additionally necessary documentation. (*Linked example documents are only be used as reference.*)

⁷ This excludes any "right of first refusal" arrangements without a current instrument establishing the future sale of the property and the tenant-buyer's ownership interest in the property. If this document is not yet recorded, the recorded version of the contract must be submitted to City staff as soon as possible upon its entry into Ramsey County property record.

VI. CLOSING REQUIREMENTS

After approval of each 4d Application, City staff will reach out to the Owners (or their representative) with next steps as to closing on the property's 4d Program enrollment. City staff will draft and deliver a 4d Closing Package of legal enrollment documents, which must be signed (and notarized, where applicable) by every party with an ownership interest in the property.

This 4d enrollment Closing Package will consist of the following:

4D CLOSING PACKAGE

- 1) A **4d Participation Agreement** with the HRA must be signed by everyone with an ownership interest in the property—including the spouses of individual Owners.
- 2) A **4d Declaration of Restrictive Covenants** must be executed by everyone with an ownership interest and notarized by a Notary Public.
Note: Signatures on the Declaration must be witnessed by a Notary Public; and the **original** of the signed and notarized document must be provided to City staff.
- 3) A **Compliance Errors & Omissions Agreement** must be signed to authorize or waive any clerical corrections to City staff's drafts of the Participation Agreement and/or Declaration.
- 4) A **Minnesota Housing LIRC Application** must be completed and signed by an Owner, or their authorized representative.

and, for properties owned under a Trust Agreement only:

- 5) The trust documents submitted in the 4d Application Package, as unsigned drafts, must be executed as part of the 4d Closing Package—viz. the **Certificate of Trust and Affidavit of Trustee**⁸
Note: These trust documents *and* the 4d Declaration of Restrictive Covenants must be executed together at the same time of closing on 4d Program enrollment; signatures of which must be witnessed by a Notary Public; and the original be returned to the HRA as the document **originals** (with the “wet-ink” version of all Owners' signatures as well as the notary's stamp).

Following review and approval of a complete 4d Application Package, City staff will draft the above documents before providing them to the Owner or their agent. City staff will provide further closing instructions with these documents, including the availability of a City notary.⁹

⁸ City staff cannot draft these trust documents, so trustees will need to obtain an attorney to prepare them and determine if additional documents are needed. (See the linked MN Department of Commerce webpage or Minnesota Statutes [501C.1013](#) and [501C.1014](#).)

⁹ We have begun reopening our offices to public business with expected accommodation of appointments for 2023 4d Program enrollments. Applicants wishing to request in-person assistance from City staff should contact 4d Program staff at 4d@stpaul.gov or 651-266-6655 to schedule an appointment in advance.



VII. 4D PROGRAM COMPLIANCE

In addition to renting LIRC units according to the requirements named in Section IV., Owners must comply with the following 4d Program requirements:

10-YEAR ENROLLMENT & 5-YEAR LIMIT AGAINST REDUCING ENROLLMENT COMMITMENTS

The Declaration of Restrictive Covenants on the property requires Owners to commit for a minimum of 5 years to maintaining at least the same number of 4d units overall and at least the same number of 4d units committed at the 50% AMI limits as originally declared at enrollment. Prior to the end of this initial 5-year period, the HRA will not approve any reduction in committed affordability on the property either in terms of reducing the total number of 4d/LIRC units or by raising any unit's affordability limits from 50% to 60% of AMI. (See Section X. [MODIFICATIONS TO 4D DECLARATIONS](#))

However, the HRA will review appeals to raise rents for the same tenant by more than 3% in a 12-month period, provided that the Owner first obtains separate approval by the process to request exceptions to the 3% limit on rental increases under Section 193A of the City of Saint Paul Code of Ordinances. (This requirement is elaborated below).

INCOME VERIFICATION OF PROSPECTIVE 4D UNIT TENANTS

Once fully enrolled in the 4d Program, any turnover of a 4d-designated unit (including in the case of any subletting) must be exclusively to a tenant whose gross household income has been qualified at or below the annually adjusted 4d income limits. Basic household composition as well as the adults' income information must be obtained prior execution of any lease (or sublease) of a 4d unit, and later provided to the HRA for verification.

❖ Sufficient tenant household income verification may be satisfied by any one (1) of the following forms of documentation for **each income-earning adult of the household**:

1. IRS 1040 Tax Return Form, and/or Tax Form 1099-MISC, filed for the most recent tax year
2. W2 Tax Form filed for the most recent tax year
3. Prior 60 Days' Employment Paystubs; or Employer's Statement of Wages/Salary (i.e. via letter)
4. Social Security Administration (SSA) Income Statement

❖ Tenants must also sign a Government Data Practices Disclosure and Release consenting to the use of income information, including the household members' names and ages.

If at any point a 4d Unit is leased to a new household, proof of their income must be provided to the HRA not later than as an attachment to the property's next annual 4d Recertification by the following January 31. Find related forms at www.stpaul.gov/4d. (See the following Section VIII. [ANNUAL RECERTIFICATION OF COMPLIANCE](#))

SUBLETTING OF 4D UNITS

Subleasing arrangements on 4d units are only allowed if facilitated by the property Owner (or Owner's authorized representative) and including verification, prior to the sublessee's occupancy, that their household income does not exceed the 4d income limits per the unit's designated AMI restriction.

3% ANNUAL RENT INCREASE LIMIT

4d unit rents may only be raised by more than 3% in a 12-month period in the event of a unit's vacancy or turnover to a new tenant household—provided that any such increase is based on an approved exception to the 3% annual limit on rent increases under Section 193A of the City of Saint Paul Code of Ordinances, as amended.

Any appeal to raise rents on the **same household** by more than 3% in a 12-month period must be approved in writing by the HRA, which will be conditioned at least upon the criteria and process for approval for exception to the citywide 3% limit on rent increases under Section 193A of the Saint Paul Code of Ordinances. This applies to all properties enrolled in the 4d Program even in the event of their exemption from any of the requirements under Section 193A. The City's Department of Safety and Inspections has established a process to request this exception at www.stpaul.gov/rent-stabilization.

ACTIVE & AFFIRMATIVE VACANCY ADVERTISING

Once a 4d-designated unit becomes vacant and (if applicable) any rehabilitation and/or maintenance of the unit is completed, advertisement of its vacancy must be posted within **thirty (30)** days on HousingLink's listings (at www.housinglink.org/List/ListWithHousingLink). 4d unit vacancies advertised there must also specify that Section 8 or Housing Choice Vouchers are accepted.

NON-DISCRIMINATION OF PUBLICLY-ASSISTED TENANTS

Owners must be willing to accept rental applications from tenants with housing assistance funds, such as Section 8 Housing Choice Vouchers, and agree to rent to such applicants should they otherwise meet Owners' fair rental screening guidelines.

FAIR HOUSING & TENANT NON-DISCRIMINATION

It is the policy of the City of Saint Paul and Minnesota Housing to affirmatively further fair housing in all their programs so that individuals of similar income levels have equal access to their programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity or sexual orientation.

Housing providers are expected to comply with the applicable statutes, regulations, and related policy guidance—including [Saint Paul Legislative Code, Section 183.06](#) as well as Minnesota Housing's fair housing policy's incorporation of the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988. Housing providers should ensure that admissions, occupancy, marketing, and operating procedures comply with non-discrimination requirements.

For information that may assist landlords in creating a tenant selection plan, see [Saint Paul's Tenant Screening Guidelines policy](#).



VIII. ANNUAL RECERTIFICATION OF COMPLIANCE

To retain the tax-benefitted LIRC status, property Owners must recertify a property's compliance with 4d Program requirements on an annual basis to both the HRA and the State of Minnesota.

Since the State of Minnesota exercises final decision-making authority on 4d/LIRC classifications, all 4d properties must reapply directly to Minnesota Housing for their annual recertification of continued 4d status. However, because qualification for Minnesota Housing's LIRC certification is provided by the terms of participation in the Saint Paul 4d Program, 4d property Owners must first submit a separate recertification of compliance to the HRA.

ANNUAL 4D RECERTIFICATION TO SAINT PAUL

4d Owners must submit an annual report to the HRA to verify compliance with the terms of the 4d Participation Agreement.

Saint Paul 4d Recertifications to the HRA are due by **JANUARY 31** of every year.

Access the **Saint Paul 4d Recertification Form** at www.stpaul.gov/4d.

City staff will communicate with the Owner or Owner's representative any concern of a unit's non-compliance and potential need for remedy in order to, where possible, retain its 4d/LIRC status for the following tax year. (See Section IX. [FAILURE TO COMPLY/REMEDIES FOR DEFAULT](#))

❖ **Deliver completed 4d Recertifications by email or mail to:**

4d@stpaul.gov

Planning and Economic Development
25 West 4th Street – Suite 1100
Saint Paul, MN 55102
ATTN: 4d Program

ANNUAL LIRC REAPPLICATION TO MINNESOTA HOUSING

Minnesota Housing requires property Owners to submit an annual LIRC Reapplication attesting to the 4d units' continued qualification for 4d certification, which must be accompanied with a reapplication fee of \$10.00 per 4d unit (*max \$150 per property*).

LIRC Reapplication forms & fees to Minnesota Housing are due by **MARCH 31** of every year.

Access the **Minnesota Housing LIRC Reapplication Form** after January 1 at www.mnhousing.gov.

Minnesota Housing staff will mail their recertification to all properties with LIRC designation prior to their March 31 due date; contact their staff with any concerns or questions regarding the State's recertification.

❖ **Deliver completed LIRC Reapplications and fee payment by mail to:**

Minnesota Housing
400 Wabasha Street North, Suite 400
Saint Paul, MN 55102
ATTN: LIRC



IX. FAILURE TO COMPLY/REMEDIES FOR DEFAULT

Any unit that fails to comply with all 4d Program requirements (without prior written approval from the HRA) is in default against the 4d Declaration. This disqualifies the noncompliant unit from 4d/LIRC recertification for the following tax year, unless the default is remedied according to the requirements below prior to the HRA recertification deadline of January 31.¹⁰

This includes, but is not limited to, the following instances of 4d Program noncompliance:

RENT INCREASES BEYOND 4D LIMITS

If at any point during a tenant's occupancy of a 4d-designated unit, they are charged by the Owner for rent exceeding **either** the annually-adjusted 4d Rent Limits **or** the 3% annual limit on increases to rent, the unit will be ineligible for 4d recertification in the subsequent tax year(s), until:

❖ **To reclaim 4d eligibility on the unit:**

- (1) the Owner must refund to the tenant(s) any rent paid over the annually-adjusted 4d Rent Limits and/or the 3% limit on increasing rent for the same tenant in a 12-month period, and provide a letter signed by both the Owner and tenant(s) specifying the amount of rent returned; **AND**
- (2) the Owner must provide the HRA with an updated **4d Rent Roll** showing the compliant rent.

The Owner must deliver the updated 4d Rent Roll and signed letter to the HRA—by mail or to 4d@stpaul.gov, or by attaching it to the Owner's next annual 4d recertification—before the HRA recertification deadline of January 31.

LEASE OR SUBLEASE OF A 4D UNIT TO A TENANT WITHOUT INCOME QUALIFICATION

If at any point during a given year, lease or sublease of a unit occurs without the property Owner completing the tenant/sublessee household income verification process prior to move-in, the unit will be ineligible for 4d recertification in the subsequent tax year(s) until compliance is confirmed.

- ❖ **To reclaim 4d eligibility on the unit:** the owner must retroactively obtain verification from the tenant/sublessee household of their income at time of initial occupancy, and deliver this verification to the HRA—by mail or to 4d@stpaul.gov, or by attaching it to the Owner's next annual 4d recertification—before the HRA recertification deadline of January 31.

If the tenant's or sublessee's household income exceeded 4d income limits at time of their initial occupancy, the owner cannot claim LIRC status on the noncompliant unit in any subsequent year until the income-ineligible tenant moves out of the unit.

Note: no income qualification is required for any tenants who are renting 4d units in the property before the effective date on the 4d Declaration (i.e. at time of the property's enrollment).

INACTIVE VACANCY MARKETING

Any vacant 4d unit which the owner fails to affirmatively market on HousingLink's listings (at housinglink.org/List/ListWithHousingLink) within **thirty (30) days** of the unit's becoming vacant (with allowance for the completion of any rehabilitation/maintenance of the unit), will be ineligible for 4d recertification for the following tax year.

- ❖ **To reclaim 4d eligibility on the unit:** the owner must notify the HRA of having actively listed the vacant unit(s)—including with direction to its listing(s)—by mail or to 4d@stpaul.gov, or by attaching it to the Owner's next annual 4d recertification—before the HRA recertification deadline of January 31.

¹⁰ For instance, if a 4d unit is out of compliance for any period of time in 2025, the Owner cannot claim LIRC status for that unit when reapplying for LIRC status in 2026 without remedying the default prior to March 31, 2026. Furthermore—due to the exclusion of any noncompliant unit(s) from the property's pool of eligible units—if the number of compliant 4d units would not sufficiently meet the minimum unit commitment thresholds, the 4d/LIRC status on all units at the property would be lost until the noncompliance were remedied. (See Section IV. MINIMUM AFFORDABILITY COMMITMENTS)



CERTIFICATE OF OCCUPANCY DEGRADATION

If at any point a property enrolled in the 4d Program loses its Certificate of Occupancy status **or** a Fire Safety Inspection grade of C or D from the City's Department of Safety and Inspections ("DSI"), the entire property will be in default and at risk of disqualification from 4d/LIRC status in the following tax years until a qualifying inspection grade of A or B is provided by DSI.

- ❖ **To reclaim 4d eligibility on the unit:** the Owner must notify the HRA —by mail or to 4d@stpaul.gov, or by attaching it to the Owner's next annual 4d recertification—by the HRA recertification deadline of January 31, and provide **either**:
 - (1) report of a sufficiently improved (A or B) grade following the most recent DSI reinspection;
OR
 - (2) the report from the most recent inspection resulting in the disqualifying inspection grade **and** a scope of work to repair the inspection failures noted therein to qualify the Owner for sufficient reinspection within six (6) months of the failed inspection.

In the event the property fails to qualify by reinspection, the owner will not be eligible to reclaim 4d eligibility on the property's unit(s) until the next recertification period following the owner's submission of the above proof that all inspection failures have been satisfactorily resolved and graded.

The HRA may also, upon a failure to comply with any of the 4d Program requirements, elect to enforce any other remedy described in the terms of the Participation Agreement or Declaration or that is now or hereafter available to the HRA at law, by statute, or in equity.

X. MODIFICATIONS TO 4D DECLARATIONS

The following modifications remain subject to the HRA's written approval but which can be requested at any point during the 10-year term, including the 5-year restriction period:

ADDITION OF 4D UNITS

Owners seeking to **add** units to increase the proportion of a property's 4d unit commitment are welcome to do so at any point. This will require execution of an **Amended Participation Agreement** and **Restated Declaration of Restrictive Covenants**.

Please contact 4d Program staff at 4d@stpaul.gov or 651-266-6655.

SALE OF A 4D PROPERTY

All buyers and sellers will need to sign, **at or before closing on the sale**, an **Assignment and Assumption Agreement** assigning the obligations under the Participation Agreement and Declaration to the new property owner(s), who will need to further sign an **Amended Participation Agreement** as the newly assigned 4d owner.

- ❖ Anyone buying or selling a property that is enrolled in the 4d Program must **submit a 4d Property Sale Notification Form, with all required documentation, at least 30 days prior to closing on the sale**. Contact 4d Program staff to request this form. The owner must not close on the property prior to receiving the HRA's written approval.

SALE OF A 1-UNIT (SINGLE FAMILY) 4D HOME TO AN OWNER-OCCUPANT

4d single-single-family homes may be sold at any time to qualifying owner-occupants earning a **maximum income that is at or below 80% of AMI**, as allowed in the Declaration. Since only rental units are eligible for 4d classification, this will require the property's to be removed from the 4d Program and the release of the 4d Declaration.

- ❖ Anyone buying or selling a property that is enrolled in the 4d Program must submit a **4d Property Sale Notification Form, with all required documentation, at least 30 days prior to closing on sale**. Contact 4d Program staff to request this form.

The HRA will provide written approval of the sale upon review of the potential buyer's income documentation and verification that the potential buyer meets such income requirements. The owner must not close on the property prior to receiving the HRA's written approval.

Anyone requesting modifications to the 4d Declaration, including transfer or modification of title on property enrolled in the 4d Program, should notify the HRA as soon as possible to avoid delays, by contacting 4d Program staff at 4d@stpaul.gov or 651-266-6655.



XI. QUESTIONS?

ADDITIONAL 4D PROGRAM INFORMATION

Visit www.stpaul.gov/4d for further information and materials related to 4d/LIRC classification and 4d Program eligibility, application, enrollment, or compliance.

4D STAFF CONTACT

For any remaining requests for assistance, guidance, or accommodation, contact 4d Program staff:

by email, at: 4d@stpaul.gov

or by phone, at: 651-266-6655, option 1

or, if scheduled in advance:*

in person, at: Planning and Economic Development

City Hall Annex - Suite 1100

25 West 4th Street

Saint Paul, MN 55102

ATTN: 4d Program

***Note:** PED offices are currently still in the process of fully reopening for business to the public, and many staff remain working remotely for either part or most of their schedule. Please reach staff by the contact information above to confirm or schedule availability of in-person assistance.

ACCOMMODATIONS

HARDCOPY / PRINTED MATERIALS

If you are in need of accommodation due to any inaccessibility associated with the electronic/web-based 4d Program materials (including the online Application,* and/or later receipt of the 4d enrollment and closing documents), please reach out with your mailing address to 4d staff at 4d@stpaul.gov or 651-266-6655 (option 1).

Please do not print the online form to complete in writing. If you need a version to fill out and/or submit by mail, request a printable version of the 2023 4d Application from staff directly.

FOR APPLICANTS USING TEXT-TO-SPEECH SOFTWARE

If you need access to 4d Program materials in alternative formats—including versions more compatible with text-to-speech software—please contact 4d@stpaul.gov or 651-266-6655 and City staff will work to provide this accommodation.

TRANSLATION SERVICES

If you need this translated or in an alternative format, please call us at 651-266-6100.

¿Necesita esta traducción? Comuníquese con nosotros al 651-266-6100.

Ma u baahan tahay tarjamadaan Nago soo wac 651-266-6100.

Xav tau qhov no txhais los? Hu rau peb ntawm 651-266-6100.

FOR DEAF/HARD OF HEARING/HEARING LOSS COMMUNITY MEMBERS

Call MN Relay (711) to in turn call the 4d Program line at 651-266-6655.

Upon request at a scheduled time, City staff will work on behalf of the HRA to provide Sign Language interpreters, other aids, and/or services leading to effective communication with deaf, hard of hearing, or others experiencing hearing loss so they can participate equally in the Program.