



CITY OF SAINT PAUL

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HOUSING PROGRAMS AND FUNDING SOURCES

City of Saint Paul HRA Financing Tools

The HRA of the City of Saint provides various financing opportunity for housing development and preservation. The process for applying depends on the financing sources.

I. HOUSING TAX CREDITS

Overview

The Federal Tax Reform Act of 1986 created Low-Income Housing Tax Credits for qualified residential properties to encourage the production of affordable low-income rental housing. The program offers a reduction in the tax liability to owners and investors of qualified affordable rental housing projects relating to the acquisition, construction, or rehabilitation of low-income rental housing units.

The Housing and Redevelopment Authority of the City of Saint Paul ("HRA"), through its role in the Minneapolis/Saint Paul Housing Finance Board, is a Suballocator of 9% and 4% Housing Tax Credits (HTCs).

How to apply

The HRA solicits applications for 9% HTCs through an annual Notice of Funding Availability. Click here for more information on the 9%HTC [Low-Income Housing Tax Credits | Saint Paul Minnesota \(stpaul.gov\)](#)

The HRA allocates 4% HTCs in conjunction with an issuance of Housing Revenue Bonds.

II. TAX-EXEMPT BONDS

Overview

The City of Saint Paul's Housing and Redevelopment Authority has annual authority to issue tax-exempt revenue bonds. These bonds may be used to provide rental housing financing for the development of new rental housing, or the acquisition and rehabilitation of existing rental housing. Automatic 4% tax credits can be used for projects with tax exempt revenue bond financing. However, to receive 4% automatic tax credits, the project must meet the "50%" test which means at least 50% of the aggregate basis of any building and the land must be initially financed with bond proceeds, but no more than 53% of the aggregate basis will be issued in accordance with HRA policies and Saint Paul's Qualified Allocation Plan (QAP). The rental housing must meet income and rent restrictions with at least 20% of the units occupied by households with incomes at 50% AMI or less, or at least 40% of the units occupied by households with incomes at 60% AMI or less.

How to apply

Bonds are awarded on a pipeline-based process. Please contact the Housing Director for more information on bond availability.

III. TAX INCREMENT FINANCING (TIF) FOR AFFORDABLE HOUSING

Overview

The City of Saint Paul's Housing and Redevelopment Authority utilizes the creation of tax increment financing (TIF) districts to advance private development of affordable housing that otherwise would not occur. The affordable housing project must meet the tax-exempt bond/4% tax credit income requirements (i.e., at least 20% of the units restricted at 50% AMI, or at least 40% of the units restricted at 60% AMI). The TIF district captures the increased taxes in the development and redirects a portion to reimburse the affordable developer over time for qualifying costs.

How to apply

TIF for Affordable Housing is awarded per project on an ongoing basis. Please contact the Housing Director for more information.

IV. HOME PARTNERSHIP PROGRAM (HOME)

Overview

The HOME Investment Partnerships Program (HOME) provides formula grants to states and localities that communities use to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. HOME funds are awarded annually as formula grants to participating jurisdictions (PJs). The City of Saint Paul's [Consolidated Plan](#) describes the activities the HRA will undertake with these resources including acquisition, rehabilitation, or new construction of multifamily rental housing.

The HRA uses HOME funds to reinforce several important values and principles of community development:

- Flexibility empowers people and communities to design and implement strategies tailored to their own needs and priorities.
- Emphasis on consolidated planning expands and strengthens partnerships among all levels of government and the private sector in the development of affordable housing.
- Set-aside for qualified community-based nonprofit housing groups builds the capacity of these partners.

For more information on the HOME Investment Partnerships Program, please visit: [HOME Investment Partnerships Program | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)

How to apply

HOME funds are awarded per project on an ongoing basis. Please contact the Housing Director for more information on funds availability.

V. COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

Overview

The Community Development Block Grant (CDBG) Program provides annual grants on a formula basis to states, cities, and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.

The City of Saint Paul's [Consolidated Plan](#) describes the activities the HRA will undertake with these resources, including several housing related activities: multifamily rental rehabilitation and new construction, single family rehabilitation and development through non-profit partners and direct City projects.

The HRA uses CDBG funds to reinforce several important values and principles of community development, including the following:

- CDBG's flexibility empowers people and communities to design and implement strategies tailored to their own needs and priorities.
- CDBG's emphasis on consolidated planning expands and strengthens partnerships among all levels of government and the private sector in enhancing community development.
- CDBG's technical assistance activities and set-aside for grantees builds the capacity of these partners.

For more information on the CDBG program, please visit: [Community Development Block Grant Program | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)

How to apply

CDBG funds for direct City projects are awarded per project on an ongoing basis process while non-profit partners selected through the City's [Capital Improvement Budget](#) provide funding for projects in accordance with their program guidelines. Please contact the Housing Director for more information on funds availability.

VI. 4D AFFORDABLE HOUSING INCENTIVE PROGRAM

Overview

The 4d Affordable Housing Incentive Program offers rental owners one-time administrative grant assistance as well as 10-year qualification to the "4d" property tax classification for rental units preserved for low/moderate-income households for that same period. This 4d, or "low-income rental" classification ("LIRC") provides for a reduction in property taxes relative to the specific portion of the building's units enrolled in the 4d program.

Property owners are encouraged to invest the tax savings into updating and maintaining the quality of their naturally occurring affordable rental units that they operate, and low-income families are provided additional safe and stable housing options at a time when rent continues to rise across the Twin Cities.

The Minnesota Housing Finance Agency will have final approval of 4d tax classification for property owners who meet Saint Paul's eligibility guidelines.

How to apply

For information about the 4D program guidelines and eligibility, please visit: [4D Affordable Housing Incentive Program | Saint Paul Minnesota \(stpaul.gov\)](#)

VII. RENTAL REHAB LOAN PROGRAM

Overview

The Rental Rehab Loan Program provides no-interest loans to landlords committed to preserving affordable rental housing. Qualified landlords can receive up to \$40,000 to make health, safety, accessibility, energy-efficient and/or curb appeal upgrades to their rental properties.

How to apply

For information about the Rental Rehab Loan Program guidelines and eligibility, please visit: [Rental Rehab Loan Program | Saint Paul Minnesota \(stpaul.gov\)](#)