

In June 2022, Minnesota Housing released the draft 2024-2025 Qualified Allocation Plan (QAP) for public comment. At the close of the public comment period in July 2022, Minnesota Housing received a number of comments requesting a policy that would limit the size of annual rent increases. The purpose of the new policy includes mitigating the impact to cost burdened households and helping to prevent economic displacement.

Rent Increase Limit Policy Options

Based on comments submitted to Minnesota Housing, the below options to limit the size of annual rent increases were drafted for additional public feedback. The different options represent variations on relief provisions for rent increases exceeding 5%; the funding programs included in the policy; and, the populations included in the policy.

After this second comment period, final wording for a rent increase limit policy may be incorporated into the 2024-2025 QAP and/or other agency requirements for consideration by the Minnesota Housing Board of Directors in November 2022. If adopted in the QAP, a final policy would apply to the 2024-2025 QAP and any award or allocation of 4% and 9% Housing Tax Credits (HTC) subject to that QAP.

1. No Relief Provisions; HTC + Deferred Loans; All Populations

All projects awarded or allocated deferred loan(s) and/or HTCs are limited to an annual rent increase of 5 percent or less for occupied affordable units when the resident does not have the benefit of rental assistance.

2. No Relief Provisions; HTC Only; All Populations

All projects awarded or allocated HTCs are limited to an annual rent increase of 5 percent or less for occupied HTC units when the resident does not have the benefit of rental assistance.

3. No Relief Provisions; HTC Only; Senior Only

All senior projects (projects operating or intending to operate housing for senior households) awarded or allocated HTCs are limited to an annual rent increase of 5 percent or less for occupied HTC units when the resident does not have the benefit of rental assistance.

4. With Relief Provisions; HTC + Deferred Loans; All Populations

All projects awarded or allocated deferred loan(s) and/or HTCs are limited to annual rent increase of 5 percent or less for occupied affordable units when the resident does not have the benefit of rental assistance. If an owner wishes to increase rents above 5 percent, they must submit a written request to Minnesota Housing for approval of a

budget-based rent increase. The requested increase must be within reasonable limits to cover increases in operating expenses such as property taxes, utilities, insurance, etc.

5. With Relief Provisions; HTC Only; All Populations

All projects awarded or allocated HTCs are limited to annual rent increase of 5 percent or less for occupied HTC units when the resident does not have the benefit of rental assistance. If an owner wishes to increase rents above 5 percent, they must submit a written request to Minnesota Housing for approval of a budget-based rent increase. The requested increase must be within reasonable limits to cover increases in operating expenses such as property taxes, utilities, insurance, etc.

6. With Relief Provisions; HTC Only; Senior Only

All senior projects (projects operating or intending to operate housing for senior households) awarded or allocated HTCs are limited to annual rent increases of 5 percent or less for occupied HTC units when the resident does not have the benefit of rental assistance. If an owner wishes to increase rents above 5 percent, they must submit a written request to Minnesota Housing for approval of a budget-based rent increase. The requested increase must be within reasonable limits to cover increases in operating expenses such as property taxes, utilities, insurance, etc.

Next Steps

Please review the proposed changes and provide feedback during the public comment period. The formal comment period is from Wednesday, Sept 28, 2022 and Wednesday, October 5, 2022 at 5:00 p.m CT. Minnesota Housing will consider all comments received through this deadline. Presentation and final action on the Amended 2022-2023 QAP and 2024-2025 QAP are expected to occur at Minnesota Housing's board meeting that will be held on Thursday, November 17, 2022.