



Housing Tax Abatement Policy

Effective May 1, 2023, through April 30, 2028

Intent

The purpose of the City of Blue Earth Housing Tax Abatement program is to provide incentives to encourage the new construction of owner occupied and residential rental units for single-family and multi-family housing units.

Tax Abatement Availability

Authority to utilize tax abatements is granted to local units of government through Minnesota Statute § 469.1813 which grants a political subdivision the authority to abate property taxes. In any given year, the total amount of taxes abated by a municipality shall not exceed 10% of the net tax capacity (NTC) for the tax's payable year to which the abatement applies, or \$200,000, whichever is greater.

Program Description

The City of Blue Earth tax abatement program provides five years of tax abatement (a refund of taxes) for the City of Blue Earth portion of property taxes on qualifying housing units, with the ability to extend the program after five years.

Qualifying Units of Housing

Eligible units of housing include a single-family house or multi-family complexes. A house may be new construction, modular, or manufactured provided the structure meets the cities building and zoning codes.

Abatement Exclusions

- Voter approved property tax referendums
- Existing or new special assessments on the property

Criteria for Eligibility

1. Property is located within City limits
2. Project is not receiving other financial assistance including tax increment financing/TIF, Workforce Housing, or SCDP
3. Project complies with applicable zoning and building codes adopted at the time the building/zoning permit is obtained
4. Property does not have any outstanding land use issues (non-compliance or non-conformities)
5. Property taxes are current

Tax Abatement Terms

Single family houses and multi- family projects are eligible for a five (5) year tax abatement.

When an abatement is approved, the cities portion of annual real estate taxes will be returned via a single payment made to the taxpayer of record as of the date of payment issuance and by December 30 for that calendar year.

How the Tax Abatement Program Works

Abatements are calculated on the property value. Property taxes to be abated are based on that added value. Added value is determined by the value of the new construction as of January 2nd of each year.

Tax abatements are paid annually after taxes have been fully paid for the tax year. Payments are made no later than December 30th of each eligible tax abatement year.

The abatement period begins in the tax year the property realizes a value increase over original value due to the status of the housing project as of January 2nd. In the event the housing project has not commenced within two years of approval, the abatement is revoked. The property owner may reapply.

Failure to keep property taxes current during the abatement period shall result in revocation of the tax abatement for each year taxes are not current. Failure to provide assessor staff access to the property and interior of the new housing unit terminates the abatement.

Transferability

In the event property is sold, the abatement stays with the property and will transfer to the new owner with the sale of the property for the balance of the five-year abatement period.

Application

A completed housing tax abatement application is required to be considered for an abatement.

Completed applications include:

- Legal description of the subject property, including address and property identification number.
- Certification from the appropriate zoning entity (city/county/township) that the proposed housing project complies with applicable zoning regulations and there are no outstanding land use issues
- A site plan and construction plans for the proposed project

Once an abatement application has been received, a public hearing will be scheduled pursuant to sections 469.1812 to 469.1815 to receive public input on each abatement request. Following the public hearing, the Board will pass a resolution either approving or denying the application.

Appeal

Applicants have 30 days to submit a written appeal.