

## PROPERTY TAX EXEMPTION POLICY

### Multi-Family Residential Property

*The Moorhead City Council and Moorhead Economic Development Authority find that granting property tax exemptions pursuant to the program requirements set forth herein, increases the community's long term economic vitality through the creation of additional housing choice and expansion of Moorhead's property tax base. Increasing the number and type of housing units will grow Moorhead's residential market and provide additional customers for Moorhead businesses.\**

**HOW IT WORKS:** The project must be newly constructed, a substantial expansion/rehabilitation of an existing facility or the conversion of an existing facility from a commercial or industrial use to a multi-family residential facility. Only building improvements are eligible for the property tax exemption. Land and existing improvements (unless demolished) remain taxable during the exemption period.

**ELIGIBLE BUSINESS:** Any for-profit or non-profit multi-family project that pays property taxes consisting of four (4) or more residential units and classified as apartment for property tax purposes. For a mixed-use facility, commercial space may account for up to one-third of the total square footage.

**HOUSING WITH HEALTH-RELATED SERVICES:** Additional property tax exemption years and employee credits may apply to a project that meets the criteria of a health-related and supportive services facility licensed by the State of Minnesota. Employee credit will be based on a full-time equivalent employee performing skills/licensed tasks as defined under Minnesota Statutes for "housing with services" and "health-related services." Availability of employee credits is based on State appropriations to Moorhead's Border Cities Enterprise Zone account with a maximum credit of \$50,000 for single or multi-phased projects.

- Housing with Services – Minnesota law defines housing with services as "*an establishment providing sleeping accommodations to one or more adult residents, at least 80 percent of which are 55 years of age or older, and offering or providing, for a fee, one or more regularly scheduled health-related services or two or more regularly scheduled supportive services, whether offered or provided directly by the establishment or by another entity arranged for by the establishment.*" (Minn. Stat. 144D.01, Subd. 4)
- Health-Related Services – Generally include professional nursing services, home health aide tasks, home care aide tasks, and the central storage of medication for residents. (Minn. Stat. 144D.01, Subd 6)
- Mixed Projects - Projects may include a mix of "regular multi-family housing" and "housing with health-related services" units. That portion of the project used for "regular multi-family housing" would receive a property tax exemption according to Schedule I and that portion of the project used for "housing with health-related services" would receive a property tax exemption and employee credit, if applicable, according to Schedule II.

**INELIGIBLE BUSINESS:** A property tax exemption will not be considered or provided if the business or the business owner or operator meets any of the following:

- Multi-family properties that pay a PILOT are not eligible for a property tax exemption.
- The business is prohibited under Minnesota Statute 469.171 Subd. 6a.
- The project does not comply with the City's Comprehensive Plan and/or Zoning Ordinance.
- The project will likely place an extraordinary demand on City services.
- The project has been constructed or is currently under construction.

**APPLICATION PROCESS:** The City will accept applications at any time. A \$525 application fee must accompany the application. A notice to competitors is placed in the City's official newspaper and a public hearing set before City Council. The City Council has final authority to grant the project a property tax exemption. Please allow up to 6 weeks for approval process.



\* Resolution #2011-0912-03; 2014-0623-K; 2015-0608-J

**SCHEDULE OF EXEMPTION:** A project which meets the minimum qualifications for new (assessed) building value per unit shall receive a property tax exemption for the term shown on the table below. Land and existing improvement value remain taxable throughout the term.

**Schedule I.**  
**MULTI-FAMILY RESIDENTIAL PROJECT**

New Building Value / Unit	Exemption Amount	Term of Exemption
<b>\$55,000 (minimum)</b>	\$25,000 / unit / year	2 years
<b>\$70,000 (minimum)*</b>	\$25,000 / unit / year	4 years

*\*Additional incentive if the project includes structured parking. Structured parking means a below ground garage or ramped parking and does not include at-grade parking garages.*

**Schedule II.**  
**MULTI-FAMILY "HOUSING WITH HEALTH-RELATED SERVICES" PROJECT\***

New Building Value / Unit	Fulltime Equivalents / Unit (minimum)	Employee Credit	Exemption Amount	Term of Exemption
<b>\$55,000 (minimum)</b>	0.33 FTE	\$1,500 / FTE / YR Up to \$50,000**	\$25,000/unit/year	4 years

*\* Criteria to be met may include a combination of the following: enhanced on-site security, fulltime meal service provided, enhanced on-site medical services equipment, personal bathing and laundry care, dispensing of medication to residents by licensed care providers, scheduling of medical appointments, and providing transportation services to medical appointments for residents. (See front for more details.)*

*\*\*Capped at \$50,000 per single or multi-phased project, subject to available funding.*

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**MOORHEAD ECONOMIC DEVELOPMENT**

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