



LOW-INCOME HOUSING

# TAX CREDITS

IN MINNESOTA

Smoke-free low-income housing offers healthier, cleaner, and safer living for renters as well as cost savings and reduced fire risk for property owners. It also helps promote health equity in a community's housing stock. In Minnesota, the Low-Income Housing Tax Credits (LIHTC) program incentivizes housing developers throughout the state to develop housing projects that include a smoke-free policy.

## WHAT ARE LOW INCOME HOUSING TAX CREDITS?

The LIHTC program is a federal financing program for qualified residential rental properties. The LIHTC program offers investors a reduction in tax liability in exchange for capital to build eligible affordable rental housing units in new construction, rehabilitation, or acquisition with rehabilitation. In Minnesota, four suballocators including Minneapolis, St. Paul, Dakota County, and Washington County, administer LIHTCs for their respective regions and Minnesota Housing, a state agency, administers LIHTCs in all other areas of the state.

### How Do Developers Access LIHTCs?

LIHTCs are distributed in accordance with a Qualified Allocation Plan (QAP), which states the respective agencies' priorities. Developers apply through a competitive application process and their projects are scored against how well they align with QAP priorities.



## SMOKE-FREE HOUSING IN MINNESOTA QAPS

In Minnesota, every administrator of LIHTCs lists smoke-free housing as a priority in their QAP. In 2008 Minneapolis and St. Paul began awarding one point to applicants for new developments and rehabilitation projects that include a smoke-free policy. Minnesota Housing and the sub-allocators of Washington and Dakota counties followed suit shortly thereafter. In 2018 and 2019 Washington and Dakota counties went further and required developments to have a smoke-free policy in order to receive LIHTCs. In 2020, Minneapolis and St. Paul updated their QAPs to include e-cigarettes and make a distinction between commercial and traditional tobacco.

## CURRENT SMOKE-FREE HOUSING INCENTIVES IN MINNESOTA QAPS

Community	Incentive	Year Adopted
Dakota County	Required	2019
Washington County	Required	2018
Minnesota Housing (state agency)	1 Point	2010
St. Paul	1 Point	2008
Minneapolis	1 Point	2008

