



SAINT PAUL 4D AFFORDABLE HOUSING INCENTIVE PROGRAM GUIDELINES

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4D AFFORDABLE HOUSING INCENTIVE PROGRAM PROGRAM GUIDELINES

The City of Saint Paul (the “City”) and the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the “HRA”) remain dedicated to supporting the preservation of quality affordable housing, while addressing the increasing financial difficulties between renters’ ability to make ends meet and owners’ ability to keep rents affordable. As a response to these challenges, the HRA’s **4d Affordable Housing Incentive Program** (“4d Program”) supports Saint Paul’s rental property owners who, in turn, support their tenants and our community by preserving safe and healthy units for lower-income households. The 4d Program offers significant financial incentive for these owners’ commitments: **most rental units in Saint Paul would receive up to an 80% property tax rate reduction if enrolled in the Saint Paul 4d Program.**

I. HOW IT WORKS

For tax purposes, most rental units in Saint Paul are designated under the **4a** (*multifamily 4+ unit “apartment”*) or **4b** (*non-homesteaded 2-3 unit*) **property classifications**. These and other classifications each define a specific **class tax rate**, as determined by Minnesota State statute. This class tax rate is assessed against a property’s taxable market value to calculate its **tax capacity**—against which various State and local property tax rates are in turn applied to calculate the property’s overall tax burden. A property’s classification directly determines the amount of property taxes levied on the property.

Specifically, the class tax rate on Saint Paul’s majority-4a/4b rental properties is set at 1.25%. By contrast, **rental units preserved for low-income households may be redesignated under the 4d “Low Income Rental Classification” (“LIRC”), which lowers the class tax rate for these units to 0.25%.** This results in up to an **80% reduction** to these 4d/LIRC units’ share of the property’s tax capacity.

The HRA established the Saint Paul 4d Program as a means for rental property owners to qualify their eligible property for 4d/LIRC status and receive the associated tax benefit. Once a property is enrolled in the 4d Program, the HRA will qualify the property to the Minnesota Housing Finance Agency (“Minnesota Housing”), which exercises final decision-making authority on 4d/LIRC reclassifications. Once this State approval is granted, Minnesota Housing will certify the units with approved 4d/LIRC status to the Ramsey County Assessor. The 4d tax rate will then be assessed on those certified 4d/LIRC units for property taxes payable beginning the following tax year.

FOR MORE INFORMATION

- Visit www.stpaul.gov/4d for all 4d Program enrollment, application, and compliance materials.
- Visit www.mnhousing.gov for information on Minnesota Housing’s role in 4d/LIRC certification, including [Minnesota Housing’s Low Income Rental Classification Guidelines](#).
- Visit www.revisor.mn.gov to review the statutory basis for the classification and certification of 4d/LIRC properties—especially the following sections:
 - [273.13, subd. 25](#), on the definition of 4d and other rental property classifications; and
 - [273.128, subd. 3](#), on the certification of low-income rental property.
- Visit www.house.leg.state.mn.us/hrd/ for the Minnesota Congressional House Research Department for further information on Minnesota Property Tax, including:
 - [Property Tax 101: Basic Terms and Concepts](#)
 - [Property Tax 101: Property Tax Variation by Property Type](#)

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II. 4D PROGRAM ENROLLMENT BENEFITS

Rental property owners that commit to preserve a minimum portion of their eligible property for low- or moderate-income households for a 10-year period will receive the following:

GRANT AWARD ON CERTIFIED 4D UNITS

Grant assistance is awarded at the initial enrollment of the Property into the 4d program, up to \$1,200 per property, based on:

- \$75 for each 4d unit preserved for households with up to **60%** of Area Median Income, and,
- \$200 for each 4d unit preserved for households with up to **50%** of Area Median Income.

COVERAGE OF ENROLLMENT FEES

On behalf of Owners, the HRA will pay fees associated with properties' 4d Program enrollment and initial LIRC certification. This consists of the fees for:

- Title search & verification of the property's title and ownership status (*approx. \$150 per property*);
- Recording the 4d Declaration into Ramsey County's property record (*\$46 per property*); and
- Application fees to Minnesota Housing for final certification (*\$10 per 4d unit, up to \$150 per property*).

REDUCED 4D PROPERTY TAX RATE

Enrolled properties will receive the 4d "Low Income Rental Classification" (LIRC) class tax rate on the qualifying number of units committed to 4d affordability preservation. The corresponding 4d class rate reduction significantly reduces those units' share of the property's tax capacity and overall tax liability.¹ Owners must use tax savings resulting from 4d classification according to the State of Minnesota's requirements. The State requires that savings must be used for one or more of the following eligible uses: property maintenance, property security, improvements to the property, complying with rent stabilization, or increases to the property's replacement reserve account.²

¹ Minnesota Statute section 273.13 subdivision 25.

² Minnesota Statute section 273.128, subdivision 1.

III. ELIGIBILITY CRITERIA

Eligible properties enrolled in the 4d Program must meet the following criteria:

PROPERTY REQUIREMENTS

- **Location:** Only properties in the City of Saint Paul may participate in the Saint Paul 4d Program.
- **Rental Status:** Only rental units are eligible for 4d classification.
 - ❖ **Owner-Occupied units** cannot be classified as 4d, although rented units in owner-occupied properties may still be eligible for 4d classification.
 - ❖ **Short-Term Rental units** (leased at any time for less than 30 days) fall under a separate tax classification and are not eligible for 4d status.
- **Property Size:** The property may have any number of units, including 1-Unit “Single Family” homes.
- **Existing Affordability Commitments:** Properties with a pre-existing affordability agreement that grants 4d/LIRC tax class status are not eligible to apply for the Saint Paul 4d Program.

PROPERTY CONDITION REQUIREMENTS

The 4d Program requires a minimum standard of Owners’ responsibility over the health and safety of their qualifying properties. The City’s Department of Safety and Inspections (“DSI”) conducts regular inspections of properties’ compliance with all state and local safety/building codes, which is documented by DSI’s issuance of a **Fire Certificate of Occupancy (“C of O”)** for the property (except on exempt properties).³

- **Fire Certificate of Occupancy Status:** Unless exempt per DSI guidelines, a valid Certificate of Occupancy (“C of O”) or Provisional Certificate of Occupancy for the property must have been issued by DSI and must be current and valid at time of enrollment into the 4d Program.
- **Inspection/Code Adherence:** Unless exempt from a C of O per DSI guidelines, DSI designates the extent of a property’s safety/building code compliance or violation by an A to D grading scale. The property must have a C of O inspection grade of either **A or B**, as designated by DSI.
 - **Exception:** Properties with a grade below an A or B may be eligible for the 4d program if the property has been approved for a City of Saint Paul Rental Rehab loan. In those cases, 4d status will be approved and the 4d declaration will be recorded after rental rehab loan proceeds have been disbursed, rehab work is completed, and the property has received at least a C fire inspection grade.
 - Check the status and Inspection Grade of your Fire Certificate of Occupancy at: www.stpaul.gov/departments/safety-inspections/certificate-occupancy-map
 - Learn more about C of Os, inspections, and improving DSI Inspection Grades at: www.stpaul.gov/departments/safety-inspections

Note: To maintain 4d/LIRC status on a non-exempt property, its C of O must remain in current and valid standing, and its inspection grade either maintained above a C grade, or actively remedied otherwise. C of O revocations or inspection downgrades must be remedied by the January 31 recertification deadline.

OWNERS’ REQUIREMENTS

- **Consent from All Owners:** All parties with an ownership interest in the property must be willing to sign a **4d Agreement and Declaration** committing the property to the terms of its 10-year enrollment in the 4d Program. (See [Section IV. MINIMUM AFFORDABILITY COMMITMENTS](#))

³ All residential buildings that are **not owner-occupied** must have a Fire Certificate of Occupancy. (Note that **one- and two-unit** dwellings registered as rental properties in or after 2007 shall receive a *Provisional* Fire Certificate of Occupancy to temporarily permit continued occupancy, pending inspection of the existing structure.)

- If a property is owned in the name of any married individuals (versus a business entity or trust), this also requires the consent of their spouse. The full legal name of any spouses should be provided at the time of application. It is the responsibility of the property owner(s) to ensure that spouses names are provided.

- **Rental License Status/History:** Owners with rental license or Certificate of Occupancy revocations or outstanding citations for any rental properties they own or have owned may not be eligible for 4d Program enrollment.
- **Tenant Non-Discrimination:** Owners are required to comply with affirmative fair housing marketing practices, including non-discrimination against rental applicants with tenant-based assistance, e.g. a Section 8 voucher, should the prospective tenant(s) otherwise meet the Owner's rental screening guidelines. (See [Section VI.](#))
- **Non-Compliance of Existing Saint Paul 4d Program Properties/Units:** Applicants who own properties that have previously enrolled in the 4d Program will be evaluated based on their recent compliance rates. Staff has discretion to reject applicants who have units that were deemed non-compliant in the most recent compliance review.

Additionally, if existing 4d properties owned by the applicant have had a fire safety inspection since initial enrollment that resulted in the Certificate of Occupancy grade falling to C or D, the applicant may be ineligible to enroll additional properties.

- **Violation of PED Programs:** If the applicant has previously violated the program guidelines of any program offered by the City's Planning and Economic Development department (PED), including the 4d Program, staff reserve the right to deny the application.



IV. MINIMUM AFFORDABILITY COMMITMENTS

4d units are both **rent-restricted** and **income-restricted**, based on the preservation of 4d/LIRC-designated units for households with an income of up to 50% or 60% of the Area Median Income, or “AMI.” This AMI, and corresponding rent and income limits, are determined annually by the United States Department of Housing and Urban Development (“HUD”) for the seven-county Minneapolis-St. Paul metropolitan statistical area.⁴ The rent and income limits applicable to the 4d Program are those published by Minnesota Housing for the Multifamily Tax Subsidy Program (MTSP). Qualification of a property for the reduced LIRC class tax rate through the 4d Program is based on the commitment to preserve eligible units within the bounds of these affordability limits for the duration of the 10-year enrollment period.

MINIMUM 4D UNIT COMMITMENTS

The requirements below detail the minimum proportion of units that must be designated for preservation under the 4d/“Low Income Rental Classification” (LIRC) tax benefitted status, as committed to the terms of participation in the 4d Program.

4D PROGRAM MINIMUM UNIT COMMITMENTS	
Property Size (# of Units)	Minimum Unit Affordability Commitments Based on % of Area Median Income
1 Unit (Single-Family)	ALL 1-UNIT PROPERTIES MUST BE PRESERVED FOR HOUSEHOLDS WITH UP TO <u>50%</u> OF AMI.
2 Units (Duplex/Double)	AT LEAST 1 “DUPLEX” UNIT MUST BE PRESERVED FOR HOUSEHOLDS WITH UP TO <u>50%</u> OF AMI. Optional: Owners may elect to preserve the second unit in a duplex for households with up to <i>either</i> 50% or 60% of AMI for the required 10-year enrollment period.
3 Units or more (Multifamily)	“MULTIFAMILY” PROPERTIES WITH 3 OR MORE UNITS MUST BE COMMITTED WITH EITHER: 1) AT LEAST 20% OF MULTIFAMILY UNITS PRESERVED FOR HOUSEHOLDS WITH UP TO <u>50%</u> OF AMI. OR 2) AT LEAST 50% OF MULTIFAMILY UNITS PRESERVED FOR HOUSEHOLDS WITH UP TO <u>60%</u> OF AMI.* Optional: Conditional to meeting one of the above minimum commitments, multifamily property Owners may elect to preserve any combination of up to 100% of the property’s remaining units for households with up to <i>either</i> 50% or 60% of AMI. <small>*In other words: Owners committing less than half of their units to 4d preservation must commit at least 20% of units to the deeper affordability of the 50% AMI 4d limits; this requirement is lifted at the threshold commitment of 50% of units, at which point the Owner may commit any number and combination of units at either of the 50% AMI or 60% AMI affordability limits.</small>

Note: only the units committed by the Owner to 4d/“LIRC” preservation under the terms of participation in the 4d Program will be assessed with the 4d classification and the reduced 4d class tax rate. The specific units making up this commitment must be designated on the [4d Rent Roll](#) form as part of Owners’ 4d Application Package.

⁴ For further information on how AMI values and associated rent and income limits are determined, refer to:

- [2023 HUD Income Limits FAQ](#)
- Documentation related to [Fair Market Rents](#)
- HUD’s [Median Family Income methodology](#)

4D RENT LIMITS

Rents are considered “affordable” if they do not exceed 30% of a household’s income. 4d unit rents may never be raised above the maximum 4d rent limits.

4D UNIT RENT LIMITS

The City utilizes the most recent Multifamily Tax Subsidy Program (MTSP) rent and income limits published by Minnesota Housing each year. Current rent limits are available to view on our website at StPaul.gov/4d.

3% LIMIT ON ANNUAL RENT INCREASES

Rent for 4d units may not be raised by more than 3% during the 12-month 4d annual compliance period, unless the unit is turning over to a new tenant and the previous lease ended with a voluntary move out, or a just cause lease termination.

Property owners are not required to seek permission to raise rents at the time of unit turnover, and certification of just cause increases will be self-reported by property owners as a part of the annual compliance process for the 4d program. (See the Appendix for more detail about just cause vacancies.)

UTILITY ALLOWANCES

Utility allowances are added to the base rent for utilities paid by the tenant in order to capture a tenant’s full financial responsibility related to housing costs. Altogether, base rents and utility allowances together cannot exceed 4d maximum rent limits. The City of Saint Paul 4d program utilizes a standard naturally occurring affordable housing (NOAH) utility allowance for all 4d properties as shown below to facilitate a straightforward annual compliance process. The utility allowance percentage can be applied to the maximum rent limit for the applicable unit size to determine the allowance.

STANDARD UTILITY ALLOWANCE PERCENTAGES					
	50%AMI RENT LIMIT			60%AMI RENT LIMIT*	
Bedrooms	Single-Family Home (1 unit)	Duplex (2 units)	Multifamily (3+ units)	Duplex (2 units)	Multifamily (3+ units)
Studio	6.6%	6.6%	6.6%	5.5%	5.5%
1 Br	10.2%	8.6%	7.4%	7.2%	6.2%
2 Br	12.8%	11.1%	10.2%	9.2%	8.5%
3 Br	12.9%	11.9%	10.5%	9.9%	8.8%
4 Br	13.2%	12.3%	11.9%	10.3%	9.9%
5 Br	14%	14%	14%	11.7%	11.7%
6 Br	14%	14%	14%	11.7%	11.7%

**Note: Single-Family Home (1 unit) percentages are not provided at the 60%AMI rent limit because Single-Family Home units may only receive 4d status if preserved at the 50%AMI limit.*

Percentages were determined by the HRA with the assumption that the following utilities are typically paid by tenants of NOAH properties: gas (heating & stove/cooking), gas water heating, and other electric. The St. Paul Public Housing Authority utility allowance standards were utilized when determining a standard NOAH utility allowance. The HRA may publish dollar amount figures on the 4d website to provide more specific guidance to property owners based on utilities making up the above percentage of total tenant expenses. For properties where actual cost of utilities is lower than the utility allowance percentages provided below, Owners may include a breakdown of all tenant paid utilities on their compliance form, and claim that figure as the utility allowance instead of the percentages below.



4D HOUSEHOLD INCOME LIMITS

After receiving their “low income rental” reclassification, 4d units must only turn over to tenants whose gross household income, at time of their initial occupancy, does not exceed the unit’s 50% or 60% AMI limit. The Owner must qualify incomes prior to execution of each lease of a 4d unit to a new tenant.

(See [SECTION VI: ANNUAL RECERTIFICATION OF COMPLIANCE](#))

The City utilizes the most recent Multifamily Tax Subsidy Program (MTSP) rent and income limits published by Minnesota Housing. These limits are published by Minnesota Housing each year. Please visit StPaul.gov/4d for current income limits.

Note: 1) tenants *currently* renting any unit designated for 4d preservation at time of the property’s enrollment are exempt from any income requirements. 2) units previously enrolled in the program at the 60% AMI level are still restricted at 60% AMI and may refer to the 4d website for current applicable rent limits.

V. ENROLLMENT IN 4D

APPLICATION REQUIREMENTS

All documents required to complete one 4d Program Application Package per property must be submitted by the date advertised on the City of Saint Paul 4d program website, typically in December of each year.

4D APPLICATION PACKAGE

4d Applications will be considered incomplete and ineligible for review without all of the following:

- (1) A **4d Application form**
- (2) A **4d Rent Roll form**, listing current rents and sizes of all units at the property, and identifying which will be designated to meet 4d Program commitments. Download this form at www.stpaul.gov/4d
- (3) **The following supporting documents of ownership are required depending on the type of each entity with an ownership interest in the property:**
 - (3a) **For properties owned by INDIVIDUALS and/or MARRIED PERSONS**
 - ❖ The full legal name of both the individual that owns the property as well as the spouse of the owner must be provided.
 - (3b) **For properties owned by a BUSINESS/CORPORATE ENTITY:**
 - ❖ Business must be active and in good standing. The Legal Name of the ownership entity that is on the deed or title of the property must be provided, not a management company. HRA staff will review the [Minnesota Secretary of State's Business Filings search directory](#) online to verify the active status of all entities. Staff will save a screenshot with details of the entity's current status for our records. Please ensure that all entities are active and in good standing prior to submitting an application.
 - ❖ Business entities must submit Articles of Organization and an Operating Agreement, or other applicable organizational documents that show the individual(s) that have authority to sign on behalf of the entity, if available. If these documents are not available, the HRA will rely on previous title work and other documents recorded at the property to determine the appropriate signatory for the declaration. If there are issues with title or a lack of clarity about the appropriate signer for the property, HRA staff reserve the right to reject the application.
 - (3c) **For properties owned by a TRUSTEE under a TRUST AGREEMENT:⁵**
 - ❖ An *unsigned, draft copy* of the **Certificate of Trust**
 - ❖ An *unsigned, draft copy* of the **Affidavit of Trustee**
 - (3d) **For properties involving a CONTRACT FOR DEED or similar installment land contract:**
 - ❖ A copy of the **fully executed and recorded contract document** setting forth the contractual relationship of the parties with a secured interest in the property.⁶
 - (3e) **For owner occupied homes that are part of a COMMUNITY LAND TRUST**, those properties should seek 4d status directly from the State of Minnesota utilizing existing covenants placed on the property through the land trust.

⁵ These trust documents must be provided as template versions for City staff to review as part of verifying property title/ownership; they must not be executed until time of closing on 4d Program enrollment. Trustees should obtain an attorney to prepare these documents and to determine any additionally necessary documentation. (*Linked example documents are only be used as reference.*)

⁶ This excludes any "right of first refusal" arrangements without a current instrument establishing the future sale of the property and the tenant-buyer's ownership interest in the property. If this document is not yet recorded, the recorded version of the contract must be submitted to City staff as soon as possible upon its entry into Ramsey County property record.

Submit all required documentation by the date advertised on the City of Saint Paul 4d program website, which is typically in December of each year, to:

4d@stpaul.gov
or 1100 City Hall Annex
25 West 4th St
Saint Paul, MN 55102
ATTN: 4d Program

CLOSING REQUIREMENTS

After approval of each 4d Application satisfying program requirements, HRA staff will reach out to the Owners (or their representative) with next steps as to closing on the property's 4d Program enrollment. HRA staff will draft and deliver a 4d Closing Package of legal enrollment documents, which must be signed (and notarized, where applicable) by every party with an ownership interest in the property.

Note: If an individual owner of a property has married since acquiring the property, they should provide the full legal name of their spouse to HRA staff for inclusion on documents as spouses of individuals may have a legal interest in real property. Ultimately it is the responsibility of property owners to provide accurate information to the HRA. Covenants will be drafted based with the name(s) of record owner(s) as shown on the deed and other recorded documents with the Ramsey County recorder's office, with spouses added as signatories as applicable.

This 4d enrollment Closing Package will consist of the following:

4D CLOSING PACKAGE

- 1) A **4d Participation Agreement** with the HRA must be signed by everyone with an ownership interest in the property and by the HRA Executive Director or their designee.
 - Authority to approve 4d participation agreements: The HRA Executive Director or their designee is authorized to administratively approve and execute participation agreements that meet the criteria established in these Guidelines without further HRA Board approval.
- 2) A **4d Declaration of Restrictive Covenants** must be executed by everyone with an ownership interest and notarized by a Notary Public.

Note: Signatures on the Declaration must be witnessed by a Notary Public; and the **original** of the signed and notarized document must be provided to HRA staff.
- 3) A **Compliance Errors & Omissions Agreement** must be signed to authorize or waive any clerical corrections to HRA staff's drafts of the Participation Agreement and/or Declaration.
- 4) A **Minnesota Housing LIRC Application** must be completed and signed by an Owner, or their authorized representative.

and, for properties owned **under a Trust Agreement only:**

- 5) The trust documents submitted in the 4d Application Package, as unsigned drafts, must be executed as part of the 4d Closing Package—viz. the **Certificate of Trust and Affidavit of Trustee.**⁷

Note: These trust documents *and* the 4d Declaration of Restrictive Covenants must be executed together at the same time of closing on 4d Program enrollment; signatures of which must be witnessed by a Notary Public; and the original must be returned to the HRA as the document **originals** (with the “wet-ink” version of all Owners’ signatures as well as the notary’s stamp).

Following review and approval of a complete 4d Application Package, HRA staff will draft the above documents before providing them to the Owner or their agent. Staff will provide further closing instructions with these documents, including the availability of a City notary.⁸

⁷ City staff cannot draft these trust documents, so trustees will need to obtain an attorney to prepare them and determine if additional documents are needed. (See the linked MN Department of Commerce webpage or Minnesota Statutes 501C.1013 and 501C.1014.)

⁸ Applicants wishing to request in-person assistance from City staff should contact 4d Program staff at 4d@stpaul.gov or at the number listed on the [4d Program webpage](#) to schedule an appointment in advance.

VI. 4D PROGRAM COMPLIANCE

In addition to renting LIRC units according to the requirements named in [Section IV. IV. Owners must comply with the following 4d Program requirements:](#)

COMPLIANCE WITH APPLICABLE 4D REQUIREMENTS AS STATED BY MINNESOTA HOUSING AND STATE STATUTE

Owners are required to fully comply with any applicable LIRC requirements as stated by Minnesota Housing or in statute. For example, revisions to MN statute in 2023 require that 4d tax savings must be utilized for one or more of the following eligible use categories: property maintenance, property security, improvements to the property, rent stabilization, or increases to the property's replacement reserve account. Owners are responsible for reviewing this requirement and for providing appropriate documentation as deemed necessary by Minnesota Housing.

INCOME VERIFICATION OF PROSPECTIVE 4D UNIT TENANTS

Once fully enrolled in the 4d Program, any turnover of a 4d-designated unit (including in the case of any subletting) must be exclusively to a tenant whose gross household income has been qualified at or below the annually adjusted 4d income limits. Basic household composition as well as the adults' income information must be obtained prior to the execution of any lease (or sublease) of a 4d unit, and later provided to the HRA for verification.

- ❖ **Sufficient tenant household income verification may be satisfied by providing an IRS 1040 Tax Return Form regarding the most recent tax year for each income-earning adult of the household. If a 1040 has been requested but the tenant or tenants do not possess one for the most recent tax year, alternative income documentation may be provided:**

1. Tax Form 1099-MISC, filed for the most recent tax year
2. W2 Tax Form, filed for the most recent tax year
3. Prior 60 Days' Employment Payouts; or Employer's Statement of Wages/Salary (i.e. via letter)
4. If none of the other documentation is available as determined by HRA staff, the following may be accepted: a signed statement from the tenant stating that the tenant's earned income in the past year was lower than the applicable income limits.

Note: Students are allowed to live in 4d units, regardless of the income of parents, as long as the income of all tenants living in the unit are collectively below the applicable income limits.

Note: Income from Social Security Administration, veteran's benefits, or publicly supported welfare or income assistance may be excluded from purposes of evaluating total household income—at either the 50% or 60% AMI limit.

- ❖ **Tenants must also sign a Government Data Practices Disclosure and Release consenting to the use of income information, including the household members' names and ages.**

If at any point a 4d Unit is leased to a new household, proof of their income must be retained by the property owner or property manager. The owner or manager must report the income of the new household on the property's next annual 4d Recertification by the following January 31. Find related forms at www.stpaul.gov/4d. (See the following subsection: [ANNUAL RECERTIFICATION OF COMPLIANCE](#)). Full income documentation does not need to be provided to the HRA, although staff may ask to see these records at any time. The 4d Declaration requires property owners or property managers to retain records for the duration of the 10-year enrollment period, plus six (6) years upon completion or termination of the enrollment period.

SUBLETTING OF 4D UNITS

Subleasing arrangements on 4d units are only allowed if facilitated by the property Owner (or Owner's authorized representative) with verification that, prior to initial occupancy, the sublessee's household income does not exceed the 4d income limits per the unit's designated AMI restriction.

3% LIMIT ON ANNUAL RENT INCREASES

Rent for 4d units may not be raised by more than 3% during the 12-month 4d annual compliance period, unless the unit is turning over to a new tenant and the previous lease ended with a voluntary move out, or a just cause lease termination.

Property owners are not required to seek permission to raise rents at the time of unit turnover, and certification of just cause increases will be self-reported by property owners as a part of the annual compliance process for the 4d program. Rents may never be raised above the maximum limit for the unit, either 50% of Area Median Income (AMI) or 60% of Area Median Income (AMI) rent limits based on the number of bedrooms in the unit.

Just cause lease terminations for the purposes of compliance with the 4d program guidelines are defined as a lease termination for one of the following reasons: Non-payment of Rent, Repeated late payment of Rent, Material non-compliance by a tenant, Substantial damage by tenant, Refusal to renew/voluntary lease termination by tenant, Occupancy of a former rental unit by property owner or Family Member, Building demolition and dwelling unit conversion, Rehabilitation and renovation, Complying with a government order to vacate, Occupancy conditioned on employment at the Landlord's Property. (See the Appendix for more detail about these categories.)

ACTIVE & AFFIRMATIVE VACANCY ADVERTISING

Once a 4d-designated unit becomes vacant and (if applicable) any rehabilitation and/or maintenance of the unit is completed, advertisement of its vacancy must be posted within **thirty (30)** days on HousingLink's listings (at www.housinglink.org/List/ListWithHousingLink). 4d unit vacancies advertised there must also specify that Section 8 or Housing Choice Vouchers are accepted.

NON-DISCRIMINATION OF PUBLICLY-ASSISTED TENANTS

Owners must be willing to accept rental applications from tenants with housing assistance funds, such as Section 8 Housing Choice Vouchers, and agree to rent to such applicants should they otherwise meet Owners' fair rental screening guidelines.

FAIR HOUSING & TENANT NON-DISCRIMINATION

It is the policy of the City of Saint Paul and Minnesota Housing to affirmatively further fair housing in all their programs so that individuals of similar income levels have equal access to their programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity or sexual orientation.

Housing providers are expected to comply with the applicable statutes, regulations, and related policy guidance—including [Saint Paul Legislative Code, Section 183.06](#) as well as Minnesota Housing's fair housing policy's incorporation of the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988. Housing providers should ensure that admissions, occupancy, marketing, and operating procedures comply with non-discrimination requirements.

For information that may assist landlords in creating a tenant selection plan, see [Saint Paul's Tenant Screening Guidelines policy](#).

ANNUAL RECERTIFICATION OF COMPLIANCE

To retain the tax benefitted 4d/LIRC status, property Owners must annually submit a compliance form (aka the recertification form) to the HRA and submit appropriate paperwork to Minnesota Housing.

Since the State of Minnesota exercises final decision-making authority on 4d/LIRC classifications, all 4d properties must reapply directly to Minnesota Housing to maintain 4d status. However, because qualification for Minnesota Housing's LIRC certification is provided by the terms of participation in the Saint Paul 4d Program, 4d property Owners must first submit a separate annual compliance form to the HRA.

ANNUAL 4D COMPLIANCE WITH THE SAINT PAUL HRA

4d Owners must submit an annual recertification report to the HRA to verify compliance with the terms of the 4d Participation Agreement.

Saint Paul 4d Recertification forms are due on or around **JANUARY 31** of every year. Access the [Saint Paul 4d Recertification Form](http://www.stpaul.gov/4d) at www.stpaul.gov/4d.

❖ **Appealing Compliance Determination:**

Following submission of the Compliance Form, HRA staff will conduct a review of the information provided. Staff will then communicate an initial determination of compliance to Owners or their representatives. Owners or their representatives will be given a time frame in which they may choose to appeal a determination and/or remedy any issues, where possible, to retain a unit's 4d/LIRC status for the following year. Any requests that staff receive after the appeal period deadline will not be considered. Staff retain the right to make final compliance determinations. Further information about the process, including the length of the appeal period, will be available on the 4d Program webpage. (See [FAILURE TO COMPLY/REMEDIES FOR DEFAULT](#))

❖ **Deliver completed 4d Recertifications by email or mail to:**

4d@stpaul.gov

Planning and Economic Development

25 West 4th Street – Suite 1100

Saint Paul, MN 55102

ATTN: 4d Program

ANNUAL LIRC REAPPLICATION TO MINNESOTA HOUSING

Minnesota Housing requires property Owners to submit an annual LIRC Reapplication attesting to the 4d units' continued qualification for 4d certification, which must be accompanied with a reapplication fee of \$10.00 per 4d unit (*max \$150 per property*). Property owners are responsible for paying reapplication fees.

LIRC Reapplication forms & fees to Minnesota Housing are due by **MARCH 31** of every year.

Access the [Minnesota Housing LIRC Reapplication Form](http://www.mnhousing.gov) after January 1 at www.mnhousing.gov.

Minnesota Housing staff will mail their recertification to all properties with LIRC designation prior to their March 31 due date; contact their staff with any concerns or questions regarding the State's recertification.

❖ **Deliver completed LIRC Reapplications and fee payment by mail to:**

Minnesota Housing

400 Wabasha Street North, Suite 400

Saint Paul, MN 55102

ATTN: LIRC



FAILURE TO COMPLY/REMEDIES FOR DEFAULT

Any unit that fails to comply with all 4d Program requirements (**without prior written approval from the City or the HRA**) is in default against the 4d Declaration. This disqualifies the non-compliant unit from 4d/LIRC recertification for the following tax year **unless the default is remedied according to the requirements below prior to the end of the appeal period.**⁹

This includes, but is not limited to, the following instances of 4d Program noncompliance:

RENT INCREASES BEYOND 4D LIMITS

If at any point during a rental unit's 10-year enrollment in the 4d program, a tenant is charged by the Owner for rent exceeding **either** the 3% annual limit on increases to rent (unless having requested and received a written exception from the HRA) **or** the annually-adjusted 4d Rent Limits, the unit will be ineligible for 4d compliance in the subsequent tax year(s), until:

- ❖ **To reclaim 4d eligibility on the unit:** the Owner must provide the HRA with an updated **4d Rent Roll** showing the compliant rent.

If HRA staff finds severe, egregious or repetitive compliance violations on a particular property or with a particular Owner, HRA staff may determine that the property and/or Owner are ineligible to receive 4d benefits in future years; and/or that the Owner must refund to the tenant(s) any rent paid over the annually adjusted 4d Rent Limits and/or the 3% limit on increasing rent for the same tenant in a 12-month period, and provide a letter signed by both the Owner and tenant(s) specifying the amount of rent returned prior to reinstatement into the 4d Program.

LEASE OR SUBLEASE OF A 4D UNIT TO A TENANT WITHOUT INCOME QUALIFICATION

If at any point during a given year, lease or sublease of a unit occurs without the property Owner completing the tenant/sublessee household income verification process prior to move-in, the unit will be ineligible for 4d recertification in the subsequent tax year(s) unless compliance is confirmed during the appeal period.

- ❖ **To reclaim 4d eligibility on the unit:** the owner must retroactively obtain verification from the tenant/sublessee household of their income at time of initial occupancy, and deliver this verification to the HRA—by mail or to 4d@stpaul.gov, or by attaching it to the Owner's next annual 4d recertification—before the end of the appeal period.

If the tenant's or sublessee's household income exceeded 4d income limits at time of their initial occupancy, the owner cannot claim LIRC status on the non-compliant unit in any subsequent year until an income-ineligible tenant moves into the unit.

Note: no income qualification is required for any tenants who are renting 4d units in the property before the effective date on the 4d Declaration (i.e. at time of the property's enrollment).

INACTIVE VACANCY MARKETING

Any vacant 4d unit which the owner fails to affirmatively market on HousingLink's listings (at housinglink.org/List/ListWithHousingLink) within **thirty (30) days** of the unit's becoming vacant (with allowance for the completion of any rehabilitation/maintenance of the unit), will be ineligible for 4d recertification for the following tax year.

- ❖ **To reclaim 4d eligibility on the unit:** the owner must notify the HRA of having actively listed the vacant unit(s)—including with direction to its listing(s)—by mail or to 4d@stpaul.gov, or by attaching it to the Owner's next annual 4d recertification—before the end of the appeal period.

⁹ For instance, if a 4d unit is out of compliance for any period of time in 2025, the Owner cannot claim LIRC status for that unit when reapplying for LIRC status in 2026 without remedying the default prior to March 31, 2026. Furthermore—due to the exclusion of any non-compliant unit(s) from the property's pool of eligible units—if the number of compliant 4d units would not sufficiently meet the minimum unit commitment thresholds, the 4d/LIRC status on all units at the property would be lost until the noncompliance were remedied. (See Section IV. MINIMUM AFFORDABILITY COMMITMENTS)

CERTIFICATE OF OCCUPANCY DEGRADATION

If at any point a property enrolled in the 4d Program loses its Certificate of Occupancy status **or is downgraded to** a Fire Safety Inspection grade of C or D from the City's Department of Safety and Inspections ("DSI"), the entire property will be in default and at risk of disqualification from 4d/LIRC status in the following tax years until a qualifying inspection grade of A or B is provided by DSI. Based on the exception for City of Saint Paul Rental Rehab loan recipient properties described in [Section III.](#), properties with a Rental Rehab loan and a fully completed scope of work must maintain a minimum of a C grade (instead of a B grade).

❖ **To reclaim 4d eligibility on the unit:** the Owner must notify the HRA —by mail or to 4d@stpaul.gov, or by attaching it to the Owner's next annual 4d recertification—during the appeal period, and provide **either**:

(1) report of a sufficiently improved grade following the most recent DSI re-inspection;

OR

(2) the report from the most recent inspection resulting in the disqualifying inspection grade **and** a scope of work to repair the inspection failures noted therein to qualify the Owner for sufficient reinspection within six (6) months of the failed inspection.

In the event the property fails to qualify by reinspection, the owner will not be permitted to reclaim 4d eligibility on the property's unit(s) until the next recertification period, following the owner's submission of the above proof that all inspection failures have been satisfactorily resolved and graded.

The HRA may also, upon a failure to comply with any of the 4d Program requirements, elect to enforce any other remedy described in the terms of the Participation Agreement or Declaration or that is now or hereafter available to the HRA at law, by statute, or in equity.



VII. MODIFICATIONS TO 4D DECLARATIONS

The following modifications remain subject to the HRA's written approval but can be requested at any point during the 10-year term, including the 5-year restriction period:

ADDITION OF 4D UNITS

Owners seeking to **add** units to increase the proportion of a property's 4d unit commitment are welcome to do so at any point. This will require execution of an **Amended and Restated Declaration of Restrictive Covenants**.

Please contact HRA staff at 4d@stpaul.gov or the phone number listed on the 4d Program webpage.

SALE OF A 4D PROPERTY

All buyers and sellers will need to sign, **at or before closing on the sale**, a **4d Program New Owner Acknowledgment** that provides the new Owner's contact information and details the obligations originally committed under the Participation Agreement and Declaration.

- ❖ Anyone buying or selling a property that is enrolled in the 4d Program must notify HRA staff via the Property Sale Submissions page on the 4d Program website, **at least 30 days prior to closing on the sale**. Staff will use the information provided to produce the 4d Program New Owner Acknowledgment which will be signed by the buyers of the property and the HRA's assigned Project Manager for the 4d program, or their designee.

OWNER OCCUPATION OF 4D UNITS

The current owner or family members of the owner of a 4d property may assume occupancy of one or more units in a 4d property. In such instances, an Amendment to the 4d Declaration removing the unit(s) that the owner plans to occupy must be executed, as only rental units are eligible for 4d tax benefits. The new occupants of the unit must also sign an affidavit stating that they plan to owner occupy the units being removed from the Declaration. If the owner of the property plans to owner occupy all units, or if less than 20% of the units in the building remain as rental units, the property may be removed from the 4d program and the Declaration may be released.

4d single-family homes may be sold at any time to the current tenant of the home or to a qualifying owner-occupant earning a maximum income that is at or below 80% of AMI. Since only rental units are eligible for 4d classification, this will require the property to be removed from the 4d Program and the release of the 4d Declaration.

Larger properties with units classified as 4d may be sold to a current tenant of a 4d unit at the property or to an owner-occupant earning a maximum income that is at or below 80% of AMI. All other 4d unit(s) besides the owner's unit(s) must remain committed to the 4d program and preserved for low- and moderate-income households as stated on the declaration for that property.

- ❖ Anyone buying or selling a property that is enrolled in the 4d Program must notify HRA staff via the Property Sale Submissions page on the 4d Program website, **at least 30 days prior to closing on sale**. Any sale that results in owner occupation of a 4d unit will require an Amendment to the 4d Declaration removing the unit that they plan to owner occupy. The prospective owner occupant must sign an affidavit stating that they plan to owner occupy the rental unit.
- ❖ The HRA will provide written approval of the sale upon review of the potential buyer's income documentation, or proof of current residence at the 4d property. The buyer and seller must not close on the property prior to receiving approval from the HRA's assigned 4d program Project Manager or their designee.

10-YEAR ENROLLMENT & 5-YEAR LIMIT AGAINST REDUCING ENROLLMENT COMMITMENTS

- ❖ The Declaration of Restrictive Covenants on the property requires Owners to commit for a minimum of 5 years to maintaining the affordable units outlined in the Declaration. After a property has enrolled in the program and complied with program guidelines for 5 years, the Owner may request a reduction in the number of affordable units. If the HRA approves the request, the HRA will prepare an amendment to the property's Declaration to be signed by the Owner.¹⁰
- ❖ During enrollment, property owners must specify which rental units in a particular building will be reserved for 4d/LIRC-status. Owners may not swap these designated units for non-4d units in the same building. Any modifications to the units enrolled in 4d must be based on an approved modification to the 4d declarations, as described in the modifications section of the Program Guidelines.

Anyone requesting modifications to the 4d Declaration, including transfer or modification of title on property enrolled in the 4d Program, should notify the HRA as soon as possible to avoid delays, by contacting HRA staff at 4d@stpaul.gov or at the phone number [listed on the 4d Program webpage](#).

¹⁰ For properties enrolled in the 4d program in 2020 or later, reductions in affordable units must still meet the minimum restrictions on affordability as set forth in the most recent version of the 4d Program Guidelines, noting that the AMI level of enrolled units need not be any lower than what was initially agreed in the original declaration. Properties enrolled in 2019 must still meet the minimum unit amount specified in the properties' Declarations.



VIII. QUESTIONS?

ADDITIONAL 4D PROGRAM INFORMATION

Visit www.stpaul.gov/4d for further information and materials related to 4d/LIRC classification and 4d Program eligibility, application, enrollment, or compliance.

STAFF CONTACT

For any remaining requests for assistance, guidance, or accommodation, contact HRA staff:

by email, at: 4d@stpaul.gov

or by phone, at: [the number published on the 4d Program webpage](#)

or, if scheduled in advance:*

in person, at: **Planning and Economic Development**

City Hall Annex - Suite 1100

25 West 4th Street

Saint Paul, MN 55102

***Note:** PED offices are currently still in the process of fully reopening for business to the public, and many staff remain working remotely for either part or most of their schedule. Please reach staff by the contact information above to confirm or schedule availability of in-person assistance.

ACCOMMODATIONS

TECHNOLOGY RESOURCES AT SAINT PAUL PUBLIC LIBRARIES

If you need support with accessing the 4d Program materials online, please explore Saint Paul Public Libraries' Computers & Technology Services at <https://sppl.org/computers-technology/>. Resources include public internet computers at all library locations, free WiFi at all libraries, low-cost printing services at all libraries, Ease of Access (Microsoft's accessibility features) enabled on all public internet computers, assistive technology kits, computer and technology classes, and computer and technology tutorials.

FOR APPLICANTS USING TEXT-TO-SPEECH SOFTWARE

If you need access to 4d Program materials in alternative formats—including versions more compatible with text-to-speech software—please contact 4d@stpaul.gov or at the phone number [listed on the 4d Program webpage](#) and HRA staff will work to provide this accommodation.

TRANSLATION SERVICES/SERVICIOS DE TRADUCCIÓN/ADEEGYADA TURJUMAADDA/KEV TXHAIS LUS

- If you require translation services for the application process, please contact Language Line at 1-800-367-9559 and enter the client code 509052 for assistance.
- Si usted decide presentar una solicitud y necesita servicios de traducción para el proceso de solicitud, póngase en contacto con Language Line en el 1-800-367-9559 e introduzca el código de cliente 509052 para obtener ayuda.
- Haddii aad doorato inaad codsato oo aad u baahato adeegyada turjumaadda ee habka codsashada, fadlan kala xidhiidh Laynka Luuqadda lambarkan 1-800-367-9559 oo geli koodhka macmiilka 509052 wixii caawinaad ah.
- Yog koj xaiv thov thiab xav tau kev txhais lus rau txheej txheej sau ntawv thov, ces tiv toj rau Tus Xov Tooj Txhais Lus rau ntawm 1-800-367-9559 thiab ntaus neeg qhua tus qhauj 509052 yog tias xav tau kev pab.

FOR DEAF/HARD OF HEARING/HEARING LOSS COMMUNITY MEMBERS

Call MN Relay (711) to in turn call the 4d Program phone number, available on the 4d Program webpage.

Upon request at a scheduled time, HRA staff will work on behalf of the HRA to provide Sign Language interpreters, other aids, and/or services leading to effective communication with deaf, hard of hearing, or others experiencing hearing loss so they can participate equally in the Program.

ADDITIONAL ACCOMMODATIONS

If you would like to discuss a potential additional accommodation that is not covered by the resources listed above please contact HRA staff at 4d@stpaul.gov or at the phone number [listed on the 4d Program webpage](#).

IX. APPENDIX

JUST CAUSE LEASE TERMINATIONS

Just cause lease terminations for the purposes of compliance with the 4d Program Guidelines are defined as a lease termination for one of the following reasons: Non-payment of Rent, Repeated late payment of Rent, Material non-compliance by a tenant, Substantial damage by tenant, Refusal to renew/voluntary lease termination by tenant, Occupancy of a former rental unit by property owner or Family Member, Building demolition and dwelling unit conversion, Rehabilitation and renovation, Complying with a government order to vacate, Occupancy conditioned on employment at the Landlord's Property.

Just cause provisions (a) through (e) are essentially tenant-driven causes whereas provisions (f) through (j) are Landlord-driven causes.

- 1) **Non-payment of Rent.** To qualify under this provision, Landlords have to prove that:
 - a) They have given the resident notice of non-payment of Rent,
 - b) the tenant still did not pay Rent, and
 - c) the Landlord is not pursuing an eviction action for non-payment of Rent.
- 2) **Repeated late payment of Rent.** To qualify under this provision, Landlords have to prove that:
 - a) A tenant has made a late payment of Rent at least 3 times in a 12-month period,
 - b) Notice was given to the tenant that subsequent late payment was grounds for termination of tenancy,
 - c) The landlord gave the tenant notice to vacate as outlined in the Rental agreement, and
 - d) If requested by HRA staff, Landlord must provide provisions of the Rental agreement related to late payment and notice.
- 3) **Material non-compliance.** To qualify under this provision, Landlords must prove that:
 - a) The tenant had a material breach of the lease,
 - b) The tenant was given written notice to cease the continuance of the breach,
 - i) Notice shall include a date for compliance
 - c) The tenant continued a material breach of the lease,
 - d) If requested by HRA staff, Landlord must provide the provisions of the Rental agreement related to the material breach.
- 4) **Substantial damage.** To qualify under this provision, Landlords have to prove that:
 - a) The tenant willfully caused or allowed substantial damage to the property beyond normal wear and tear,
 - i) If requested, Landlords must provide photos and an explanation of the damage
 - b) The tenant was given written notice to pay the reasonable cost to repair the damage and cease damaging the premises,
 - i) If requested by HRA staff, Landlord must provide the reasonable repair cost
 - ii) Notice to the tenant shall include a date for compliance
 - c) The tenant refused to pay reasonable costs of repair and cease damaging the premises.
- 5) **Refusal to renew.** To qualify under this provision, Landlords must prove that:
 - a) The landlord requested that the tenant renew or extend the lease,
 - b) The tenant refused to sign a lease renewal and/or extension,
 - c) The tenant was given written notice to vacate as provided in the lease.
 - i) This notice cannot be less than the notice required in state statute for automatic renewal provisions ([Minn. Stat. 504B.145](#))
 - d) If requested by HRA staff, Landlord must provide the provisions of the Rental agreement related to the lease renewal and/or extension.



- 6) **Occupancy by property owner or Family Member.** To qualify under this provision, Landlords must prove that:
- a) The property owner or property owner's family member is moving into the unit within 90 days as their primary residence
 - i) HRA staff may request information after 90 days to determine the occupancy of the unit
 - b) If a substantially equivalent replacement unit is vacant and available, it has been offered to the displaced resident at a substantially similar Rental rate as the tenant's current lease
 - i) A substantially equivalent means a dwelling unit which:
 - (1) Is decent, safe and sanitary.
 - (2) Contains at least the same number of bedrooms and other living areas.
 - (3) Is available at no more than 3 percent greater than or 10 percent less than a single month's Rent in the current unit.
 - (4) Is located within the same neighborhood district; neighboring district options will be evaluated on a case-by-case basis. Perfect comparability is not required. It's the intention of the HRA to consider other factors like square footage, comparable amenities, and access to transit in evaluating a substantially equivalent replacement unit.
 - c) If a substantially equivalent replacement unit is not vacant and available, the tenant has been given notice as per the lease agreement.
- 7) **Building demolition and dwelling unit conversion.**
- a) Building demolitions or conversions to non-residential property. For building demolitions and conversions to non-residential uses, Landlords must confirm that the units will no longer receive 4d status.
 - b) Buildings converting to a cooperative or condominium. To qualify under this provision for buildings converting to a cooperative or condominium, Landlords must prove that the declaration creating the condominium or cooperative are recorded with Ramsey County, as required in Minn. Stat. 515B.2-101.
 - c) If the unit is being converted to subsidized housing and the tenant does not qualify, the tenant must be given 90-day notice.
- 8) **Rehabilitation and renovation.** To qualify under this provision for buildings being renovated, Landlords must prove that:
- a) The unit will be uninhabitable for the duration of the rehabilitation or renovation,
 - i) Uninhabitable means not meeting the basic facilities listed in Chapter 34 of the Saint Paul Legislative Code.
 - b) The tenant was given a 90-day notice in writing,
 - c) If a substantially equivalent replacement unit is vacant and available, it has been offered to the displaced resident at a substantially similar Rental rate as the tenant's current lease
 - i) A substantially equivalent means a dwelling unit which:
 - (1) Is decent, safe and sanitary.
 - (2) Contains at least the same number of bedrooms and other living areas.
 - (3) Is available at no more than 3 percent greater than or 10 percent less than a single month's Rent in the current unit.
 - (4) Is located within the same neighborhood district; neighboring district options will be evaluated on a case-by-case basis. Perfect comparability is not required. It is the intention of the HRA to consider other factors like square footage, comparable amenities, and access to transit in evaluating a substantially equivalent replacement unit.
 - d) If a substantially equivalent replacement unit is not vacant and available, the tenant has been given notice as per the lease agreement.

- 9) **Complying with a government order to vacate.** To qualify under this provision:
 - a) The unit has been given an order to vacate, order to abate, or another order by a local, state, or federal government agency that necessitates vacating the unit.
 - b) If a substantially equivalent replacement unit is vacant and available, it has been offered to the displaced resident at a substantially similar Rental rate as the tenant's current lease.
 - i) A substantially equivalent means a dwelling unit which:
 - (1) Is decent, safe, and sanitary.
 - (2) Contains at least the same number of bedrooms and other living areas.
 - (3) Is available at no more than 3 percent greater than or 10 percent less than a single month's Rent in the current unit.
 - (4) Is located within the same neighborhood district; neighboring district options will be evaluated on a case-by-case basis. Perfect comparability is not required. It is the intention of the HRA to consider other factors like square footage, comparable amenities, and access to transit in evaluating a substantially equivalent replacement unit.
 - c) If a substantially equivalent replacement unit is not vacant and available, the tenant has been given notice as per the lease agreement and consistent with the government order.
- 10) **Occupancy conditioned on employment at the Landlord's Property.** To comply under this provision, Landlords must prove:
 - a) The tenant is no longer employed by the owner,
 - b) The tenant was given written notice that their lease was contingent upon employment at the property and therefore given a notice to vacate,
 - c) If requested by HRA staff, Landlord must provide the provisions of the Rental agreement related to employment.

