



## **Housing Tax Abatement Policy**

Effective January 1, 2023 through December 31, 2025

### **Intent**

The purpose of the Mower County Housing Tax Abatement program is to provide incentives to encourage the construction of residential single-family and multi-family housing units, and to encourage replacement of dilapidated housing structures within Mower County to address the housing shortage in Mower County and to grow the Mower County tax base.

### **Tax Abatement Availability**

Authority to utilize tax abatements is granted to local units of government through Minnesota Statute §469.1812 to 469.1815. 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 (2) \$200,000, whichever is greater. The Mower County Policy will limit this to five percent (5%) of net tax capacity to be able to provide tax abatement options for non-residential projects.

### **Program Description**

The Mower County tax abatement program provides five years of tax abatement (a refund of taxes) for the Mower County portion of property taxes on qualifying housing units.

### **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 it is on a permanent foundation and is valued and assessed as real property for property tax purposes. Shouses qualify, but only the tax on the value of the area dedicated and occupied as a residence plus 1000 square feet for garage is eligible for abatement.

### **Abatement Exclusions**

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

### **Criteria for Eligibility**

1. Property is located within Mower County
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 are eligible for a five (5) year tax abatement. Multi-family projects of a minimum of four (4) rental units may seek approval for longer tax abatement period not exceeding the maximum defined by State Statute.

### **How the Tax Abatement Program Works**

Abatements are calculated on the tax increase due to the value increase over the original 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 30<sup>th</sup> 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 2<sup>nd</sup>. In the event the housing project has not commenced within one year 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.

In the event the housing project is in a jurisdiction that also has approved a tax abatement opportunity such as a city, township or school district, the County will forward completed applications to the appropriate entity for their consideration.

Each taxing entity retains its individual authority on property tax abatements. The County is solely responsible for its share of property tax abatements and this policy does not allow the County to abate City, Township or School District property taxes.

### **Appeal**

Applicants have 30 days to submit a written appeal. Appeals are heard by the Mower County Finance Committee. Recommendations are forwarded to the Board for decision. All decisions are final.

## MOWER COUNTY HOUSING TAX ABATEMENT FREQUENTLY ASKED QUESTIONS

1. Is a shouse eligible for a housing abatement?
  - a. A shouse is a personal workshop and/or storage space that is connected to or includes a space dedicated as a living quarters. Shouses qualify for a tax abatement, however, only taxes on the value of the shouse dedicated as occupied living quarters plus 1000 square feet for garage is eligible for abatement.
2. Do modular houses qualify for an abatement?
  - a. Modular houses are houses built off-site, in sections called modules and transported to the site where they are assembled. Modular houses do qualify.
3. Do manufactured or mobile homes qualify for a tax abatement?
  - a. It depends. If the house is on a permanent foundation and is valued and assessed as real property for property tax purposes, it qualifies. If the manufactured/mobile home is considered personal property and subject to a personal property tax, it is not eligible.
4. Is a house being moved into the county eligible for a tax abatement?
  - a. Yes, if the house adds a unit of housing to the county and will be occupied as a residence. The abatement will be on the added value. If the land is valued at \$25,000 and the combined value of the land and house is \$250,000, you are eligible for an abatement on the added value which is \$225,000.
5. Is a house moved within the county eligible for a tax abatement?
  - a. Yes, if the house is currently unoccupied/unlivable and the move is part of improvements that will render the house livable and will be occupied as a residence. The abatement will be on the added value. The value of the land the house is moved onto is not eligible for abatement, just the value of the house.
6. If I tear down an existing house and build a new one, is it eligible for an abatement?
  - a. Yes, the added value of the new house is eligible for abatement. For example, if the current value of the property including land and house is \$100,000 and you tear down the house and build a new house with a combined land and house value of \$350,000, you are eligible for an abatement on the added value of \$250,000.
7. Do multi-family housing units such as duplexes, townhomes, or apartment complexes qualify for a housing tax abatement?
  - a. Yes. Provided that the multi-unit housing is not receiving other incentives such as tax increment financing.
8. How long will the tax abatement program be in place?
  - a. The program is set to sunset December 31, 2025.
9. Does the abatement include my city/township or school district taxes?
  - a. It depends. Mower County only has the authority to abate the Mower County portion of your property taxes. Some cities, townships, and school districts also participate in the housing tax abatement program. If they do participate, the county will forward your application to that taxing entity.
10. If my application is denied by Mower County, is there an appeal process?
  - a. Yes. The housing tax abatement policy includes an appeal process. The Mower County Finance Committee hears all appeals and makes a recommendation to the Board. The full Board will act to approve or deny the appeal based on the recommendations. All appeal decisions are final.

# HOUSING TAX ABATEMENT APPLICATION

(Application Period 1-1-2023 through 12-31-2025)

Property Owner / Applicant: \_\_\_\_\_

Current Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

E-Mail: \_\_\_\_\_

Has applicant ever defaulted on property taxes?  Yes  No *If Yes, provide details on separate page(s).*

Are property taxes current?  Yes  No

PROJECT		<i>(check all that apply)</i>	
Single-Family		Multi-family Complex	
<input type="checkbox"/> New Construction ("stick build")	<input type="checkbox"/> Modular	<input type="checkbox"/> Duplex	<input type="checkbox"/> Townhomes
<input type="checkbox"/> Manufactured on permanent foundation	<input type="checkbox"/> Shouse	<input type="checkbox"/> Apartment Building	<input type="checkbox"/> Other:
Is this an application for a replacement of an existing housing unit on the same parcel? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Is this application for an existing housing unit you intend to move to this parcel? <input type="checkbox"/> Yes <input type="checkbox"/> No <i>If YES, where is the unit being relocated from? <input type="checkbox"/> Outside Mower County OR <input type="checkbox"/> Within Mower County but currently unlivable</i>			
Project Address: _____			
Project Legal Description: _____			
Parcel Number: _____		Estimated Project Valuation: \$ _____	

**Attach** building plans, site plan, certification from zoning entity that housing project complies with zoning regulations and there are no outstanding land use issues. (Include letter of consent from property owner if subject to purchase agreement or include a copy of the purchase agreement.)

*I / We as applicant(s) for the Housing Tax Abatement submit this application having read the policy and understand the provisions as outlined including, but not limited to, the potential of a partial abatement in year one, due to % of completion on January 2<sup>nd</sup>, there are not any non-compliance or non-conformity outstanding land use issues on the parcel, construction must commence within one year of the approval, assessors cannot be refused access to the property for assessment purposes and the abatement is awarded annually following full payment of real estate taxes due.*

Signature of Applicant(s) \_\_\_\_\_

Date \_\_\_\_\_

FOR OFFICE USE ONLY: ELIGIBLE / APPLICABLE APPROVALS

Mower County \_\_\_\_\_

Date: \_\_\_\_\_

City or  Township of \_\_\_\_\_

Date: \_\_\_\_\_

School District of \_\_\_\_\_

Date: \_\_\_\_\_

**Disclaimer:** Each taxing entity makes its own decision on approval or denial of application for tax abatement. Applications must comply with all requirements of the policy/program as outlined in the policy/program guidelines and build within allotted timeframe or tax abatement offer will be automatically terminated.

Please submit completed application with attachments to:

Mower County Administration  
201 1<sup>st</sup> Street NE, Suite 9, Austin MN 55912  
507-437-9549  
Office Hours: M-F 8 a.m. – 4:30 p.m.  
deniseb@co.mower.mn.us

**Notice – City of Austin Housing Projects**

This application must be approved prior to the building permit being issued by the City of Austin.