



## **The Low-Income Housing Tax Credit (LIHTC) in Minneapolis: Affordable for Whom?**

The IRS gives a state agency in charge of distributing funds \$2 per resident in the state. In Minnesota, that agency is the Minnesota Housing Finance Agency (MHFA). They provide a 10-year tax credit – dollar for each dollar spent on the project – to banks, corporations, and private developers for building “affordable” rental housing for low-income residents. These are called Low Income Housing Tax Credits, (LIHTC).

The owner of the building can choose between the following options in order to be in compliance with the LIHTC program:

- At least 20% of units in the building occupied by households whose income is at or below 50% of AMI (Area Median Income).
- At least 40% of units in the building occupied by households whose income is at or below 60% of AMI (Area Median Income).

*According to HUD, the Average Median Income of the Minneapolis-St. Paul-Bloomington area is \$85,800 for a family of four. However, 2015 census data shows that the median income for American Indian families in Minnesota is \$36,900 and the median income for Black families in Minnesota is only \$30,300.*

To qualify for the 50% of AMI housing, a family of 4 would need an annual income between \$34,321 - \$42,900. A family of two would need to make between \$27,481 - \$34,350.

To qualify for the 60% of AMI housing, a family of 4 would need an annual income between \$42,901 - \$51,480. A family of two would need to make between \$34,351 - \$41,220.

*A household with two full-time minimum wage earners would make \$31,620/year. They would not qualify for 60% AMI housing at all, and would not qualify for 50% AMI housing, either, if they had two or more dependents living with them.*

*More than 47,000 Minneapolis families earn less than 50% AMI. Approximately 55% of those families are households of color, even though households of color make up only 33% of all Minneapolis households. LIHTC-funded affordable housing leaves working class Minneapolis residents behind, and disproportionately excludes people of color, especially Black and American Indian Minneapolitans.*

According to the new plans Minneapolis Public Housing Authority ( MPHA) introduced called “Guiding Principles for Redevelopment and Capital Investments of MPHA”; their residents, 26,000 low-income families that make minimum wage, families facing extreme poverty, disabled people relying on public assistance, elders/seniors relying on social security; a majority whom are people of color, immigrants, refugees, African American, Latino, Hmong, Somali, Ethiopian, Native American, etc.; would not qualify for AMI rent rates. As a result, they will be displaced from their public housing buildings and community, once it is turned over to private developers. If MPHA gets approval from Minneapolis City Council, the properties MPHA wants to sell or lease through LIHTC include 42 highrise buildings, 730 homes, and Glendale public housing. Now 100% of these units are income based and residents pay 30% of their income for rent. After the developers take over, residents will be displaced

because they can't afford the Area Medium Income required. The new rents will be double or quadruple the income-based rents public housing residents are currently paying.

LIHTC affordable housing is temporary. The owner of the building must continue to uphold 20% or 40% of the units in their building as "low-income" housing for 30 years. Currently, all of these buildings are 100% low-income and income based. This means at least 60% to 80% of the current public housing population will be displaced immediately after the developer takes over, if not more. After 30 years of keeping 20 to 40% the building low-income, they can do whatever they want with it UNLESS the building goes into foreclosure, then the owner defaults on their mortgage, or the MHFA fails to provide a proper contract, in which case the owner only needs to reserve low-income units for 15 years.

Sources:

- [US Department of Housing and Urban Development](#)
- [Pioneer Press](#)
- [National Housing Law Project](#)
- [Minnesota Housing Finance Agency](#)
- [University of Minnesota CURA](#)
- <http://mphaonline.org/housing/programs/high-rise-buildings/>
- <http://tinyurl.com/Citywide-Public-Housing>
- <http://tinyurl.com/All-Public-Housing-Highrises>
- <http://tinyurl.com/MPHA-Resident-Ltr>

**Sincerely,**  
**Defend Glendale Campaign**

**Learn more:**

[defendglendale@gmail.com](mailto:defendglendale@gmail.com)

[facebook@defendglendale](https://www.facebook.com/defendglendale)

[twitter@defendglendale](https://twitter.com/defendglendale)

<http://defendglendale.weebly.com>

[P.O. Box 14616,](#)

[Minneapolis, MN 55414](#)