**Tax Abatement Policy for New Construction of Multi-Family Housing**

**City of Madelia**

**Effective March 11, 2025**

**Intent:**

The purpose of the City of Madelia’s Housing Tax Abatement program is to provide incentives to encourage the new construction of multi-family residential housing.

**Tax Abatement Availability:**

Authority to utilize tax abatements is granted to the governing body of a political subdivision through Minnesota Statute § 469.1813 which grants the authority to abate property taxes. 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 payable each year to which the abatement applies, or $200,000, whichever is greater.

**Program Description:**

The City of Madelia tax abatement program provides five years of tax abatement (a refund of taxes) up to 100% of the City of Madelia share of increased property taxes on qualifying housing units.

**Qualifying Units of Housing:**

Eligible units of housing include duplexes, triplexes, and multi-family complexes. A housing unit may be new construction, modular, or manufactured provided the structure meets the city's building and zoning codes.

**Criteria for Eligibility:**

1. The property is located within the City of Madelia and is zoned properly for the proposed development project.
2. The project is built to any and all applicable zoning and building codes adopted at the time the building/zoning permit is obtained.
3. Property taxes are current and paid on time and in full.
4. Program approvals must be obtained prior to the start of construction of the multifamily complex.

**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.

**Tax Abatement Terms:**

The City is solely responsible for its share of property tax abatements and this policy does not allow the City to abate County or School District property taxes.

The real estate taxes abated shall be for up to the full amount of the real estate tax collected due to the added tax base of the newly constructed multifamily housing annually.

The abatement period will commence upon receipt of a certificate of occupancy and shall continue for five years. If the owner refuses access to County Assessor’s staff to perform an appraisal for tax assessment purposes, the tax abatement shall expire for the remaining term of the abatement period. This abatement does not apply to, or include, existing and/or new special assessments to property. The City shall provide the awarded abatement payment following the payment of due real estate taxes annually. One single payment shall be made to the owner of record at the time of the payment, by December 30 for that calendar year.

**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.
* Letter from the zoning administrator that the proposed housing project complies with applicable zoning regulations and there are no outstanding land use issues
* A site plan and construction plan 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 City Council will pass a resolution either approving or denying the application.

**Appeal:**

Applicants have 30 days to submit a written appeal.

**Hold Harmless:**

The property owner releases from and covenants and agrees that the City and the governing body members, officers, agents, servants and employees thereof shall not be liable for and agrees to indemnify and hold harmless the County and the governing body members, officers, agents, servants and employees thereof against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the housing project. The property owner agrees to protect and defend the City and the governing body members, officers, agents, servants and employees thereof, now or forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from this policy, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, maintenance and operation of the housing project.

No City officer authorized to take part in administering the tax abatement, in his or her official capacity, shall have a personal financial interest or benefit financially from the abatement. No member, official, or employee of the City shall be personally liable to the applicant, or any successor in interest, for any act or omission of the City or for any amount which may become due to the applicant or successor or on any City obligations.