



Austin Home Initiative
for New Construction
of Single and Multi-family Homes
Effective January 1, 2026

Intent

The purpose of the Austin Home Initiative for new construction of single and multi-family homes is to provide incentives to encourage the construction of new owner-occupied and rental residential housing units and to encourage the replacement of dilapidated housing structures within the City of Austin between January 1, 2026 and December 31, 2028.

Tax Abatement Availability

Minnesota Statute §469.1813 Subdivision 8 places limitations on tax abatement. In any given year, the total amount of taxes abated by a municipality shall not exceed 10% of the net tax capacity (NTC) of the political subdivision for the taxes payable year to which the abatement applies, or (2) \$200,000, whichever is greater.

Eligible Participants

Any person who constructs a new single family home, duplex, or multi-family complex and who files application material and seeks formal approval from appropriate local jurisdiction between January 1, 2026 and December 31, 2028 may be eligible to receive 100% tax abatement of the City's share of increased real estate taxes as a result of building newly constructed housing or a home, for a period of five (5) years provided all of the following criteria are met:

1. The property is located within Austin boundaries and zoned properly for the proposed development project.
2. The applicant shall not have received other local financial assistance (tax increment financing/TIF, Workforce Housing, SCDP).
3. Project is built to any and all applicable zoning and building codes adopted at the time the building/zoning permit is obtained.
4. Property taxes are current and paid on time and in full. Failure to keep property taxes current shall result in revocation of the tax abatement for each year taxes are not current.
5. Program approvals must be obtained prior to the start of construction of the new housing/home.

The real estate taxes to be abated shall be for up to the full amount of the real estate taxes collected due to the added tax base of the newly constructed housing/home annually. The current value of the property is not eligible for the abatement, will not be abated as part of this program, and is further defined as the "original value." Any eligible abatement years are calculated on the tax increase due to a value increase over the original value.

Partially constructed housing may result in an abatement in the first abatement year that may be significantly less than the following years. This will still be considered one of the five years of eligible abatement.

In the event the property owner refuses access to County Assessor staff to perform an appraisal for tax assessment purposes, the tax abatement shall expire for the remaining term of the abatement period.

The abatement period will begin in the tax year the property realizes a value increase over the original value due to the construction of the housing project. In the event construction has not commenced within one year of approval, the abatement is eliminated and the property owner will need to reapply in accordance with this policy.

This abatement will transfer with the sale of the property for the balance of the five-year abatement period.

This abatement will not include voter-approved property tax referendums.

This abatement does not apply to, or include, existing and/or new assessments to the property.

The City shall provide the awarded abatement payment following payment of due real estate taxes annually. One single payment shall be made to the owner of the record at the time of the payment by December 30 for that calendar year.

Application

The statute requires the City to approve each abatement application. Thus, all applications will be considered on a “first come, first served” basis. The acceptance of new applications will be contingent upon the availability of funds and Council approval.

A complete application for abatement shall consist of the following:

- * A letter requesting abatement for eligible projects addressed to the City Administrator, County Coordinator and the School Superintendent.
- * Legal description of the subject property, including address and property identification number.
- * A set of construction plans for the proposed project, including site plan; and
- * Submission of a copy of the building/zoning permit once received.
- * Applicant shall sign a statement to the effect that no construction has started. For the purposes of this provision, construction shall be determined by the issuance of a building permit before approval of the City Council.

Upon submittal of a completed application, the City Council shall schedule a date to consider an application. The date shall not exceed 30 days from the date of the submitted application. After consideration, the Council will adopt a resolution outlining the details of the abatement program.

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