



Staff Report

File #: 19-536

Version: 1

Date: 11/25/2019

Item #: 3.2b.

TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: Kristin Retherford, Urban Development Director

SUBJECT:

Property tax exemptions for eight qualifying non-profit low-income housing properties

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

Result Area(s): Good Governance; Welcoming and Livable Community

ISSUE:

Shall the Council adopt Resolution No. 2019-85 approving property tax exemptions for eight low-income housing properties owned by nonprofit entities?

RECOMMENDATION:

Adopt Resolution No. 2019-85 (Attachment 1) approving property tax exemptions for eight low-income housing properties owned by nonprofit entities.

SUMMARY:

If approved, the properties will be exempt from City property tax for a period of up to 10 years. The exemption will assist 368 units of affordable housing. Applications (Attachment 2) received and that meet the program requirements:

Four Oaks Housing Limited Partnership
Wallerwood Limited Partnership
Salem Self Help Housing, LLC (two properties)
Highland Station, LP
Cornerstone Apartments LP
Sunnyslope Manor Associates, Inc.
Oakhill Associates, Inc.

FACTS AND FINDINGS:

Property owners apply annually for certification, provide documentation to support that the property is occupied by low-income persons, and show how the exemption will benefit project residents.

Affordable housing was identified as a community need through the City's 2017 strategic planning process. On January 8, 2018, Ordinance Bill Number 29-17 was enacted to establish a property tax exemption program for low-income housing nonprofit owners under SRC Sec. 2.850 to 2.910. The program is authorized by Oregon Revised Statutes (ORS) 307.540 - 307.548. The intent of this program is to encourage low-income housing preservation and development by lowering costs for non-profit providers of low-income housing.

To qualify for a maximum 10-year property tax exemption, the property must be:

- 1) owned by a nonprofit, 501(c) (3) or (4), corporation under the Internal Revenue Code;
- 2) occupied by low-income persons, or held for the purpose of developing low-income housing, and must be actually and exclusively used for charitable purposes; and
- 3) maintained in a safe and habitable condition throughout the period of exemption and have a capital reserve of at least \$100 per housing unit per month.

A public notification effort will be undertaken for subsequent application cycles for this program. Future application cycles will occur annually during the summer with applications due prior to September 1 each year.

The owner may receive exemption from all property taxes on the property if they obtain the approval of applicable taxing districts that constitute 51% of the property's tax liability.

Renee K. Frazier
Financial Services Manager

Attachments:

1. Resolution No. 2019-85
2. 2020-21 Program Applications