



Staff Report

File #: 20-461

Version: 1

Date: 12/7/2020

Item #:

TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: Kristin Retherford, Urban Development Department 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. 2020-50 approving property tax exemptions for eight low-income housing properties owned by non-profit entities?

RECOMMENDATION:

Adopt Resolution No. 2020-50 (Attachment 1) approving property tax exemptions for eight low-income housing properties owned by non-profit 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 372 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.

Mill Creek Meadows

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.

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.

The property owners have completed the City's application for this program and provided documentation that they meet the program's requirements.

BACKGROUND:

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.

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.

Clint Dameron
Real Property Services Manager

Attachments:

1. Resolution No. 2020-50
2. 2021-2022 Program Applications