



**Staff Report**

**File #:** 23-393  
**Version:** 1

**Date:** 11/27/2023  
**Item #:** 7.1b.

**TO:** Mayor and City Council  
**THROUGH:** Keith Stahley, City Manager  
**FROM:** Kristin Retherford, Community and Urban Development Director

**SUBJECT:**

Revisions to the Salem Revised Code Sections 2.870, 2.880, 2.890, 2.900, and 2.910 related to the Salem Non-Profit Corporation Low Income Housing Tax Exemption Program.

Ward(s): All Wards  
Councilor(s): All Councilors  
Neighborhood(s): All Neighborhoods  
Result Area(s): Safe and Healthy Community; Welcoming and Livable Community.

**SUMMARY:**

There are currently 17 properties owned by six non-profits enrolled or applying for enrollment in the Low Income Housing Tax Exemption Program. Five properties are in pre-development. The total number of exempted units is 384. Foregone taxes for the City equal \$252,800 in FY24. Foregone taxes for all jurisdictions equal \$577,020 in FY24.

**ISSUE:**

Shall City Council advance Ordinance Bill 17-23 to a second reading?

**RECOMMENDATION:**

Advance Ordinance Bill 17-23 to a second reading.

**FACTS AND FINDINGS:**

Significant proposed changes to the SRC are as follows:

- Increases the time period for pre-development eligibility from two years to three years.
- Decreases the required annual deposit for capital reserve from \$1,200/unit/year to \$450/unit/year.

- Requires a new applicant to demonstrate the property's financial viability through the exemption period prior to granting the exemption.
- Adds an income verification file review every three years.
- Authorizes staff to consider the results from other inspection agencies to determine if a property is safe and habitable.
- Aligns certain deadlines with Assessor's office actions.

**BACKGROUND:**

The recommended amendments reflect five years' experience administering the program, which was first passed in January 2018. The increase in time for pre-development properties is recommended to counter lingering effects from the pandemic. Utilizing the results of multiple inspection agencies will reduce the burden on residents from intrusive inspections.

Michael Brown  
Financial Services Manager, Community and Urban

Development

Attachments:

1. Ordinance Bill No. 17-23
2. Exhibit A to Ordinance Bill No. 17-23
3. Summary of Participating Properties