



Salem Community Low Income Housing Tax Exemption Program

Salem Housing Authority's mission is to assist low- and moderate-income families to achieve self-sufficiency through stable housing, economic opportunity, community investment, and coordination with social service providers. Recently, the housing shortage in our state has put barriers in front of our mission. We have Housing Choice Voucher (HCV) holders who are unable to secure housing when their name comes up on the waiting list due to the lack of available units. Currently, our waiting list is closed with over 10,000 individuals and/or families in need of affordable housing. In addition, our waiting list for our public housing units are anywhere from 3-20 years.

We now look to creative measures which will help us add affordable housing units to the market and serve our vulnerable populations which desperately need housing at an affordable rate. ORS 307.092 allows our agency to offer our tax exemptions to those properties we engage in partnership as outlined below. This is not a property management agreement as we typically do not 3rd party manage properties.

ORS 307.092 provides definition to the exception for housing authorities: This statute referenced below was adopted in 2007 through SB 661. This change added Public Housing Authorities to the list of qualifying entities which may request an exemption.

307.092 Property of housing authority; exception. (1) As used in this section, "property of a housing authority" includes, but is not limited to:

(a) Property that is held under lease or lease purchase agreement by the housing authority; and

(b) Property of a partnership, nonprofit corporation, or limited liability company for which the housing authority is a general partner, limited partner, director, member, manager, or general manager, if the property is leased or rented to persons of lower income for housing purposes.

(2)(a) The property of a housing authority is declared to be public property used for essential public and governmental purposes and, upon compliance with ORS 307.162, the property and the housing authority are exempt from all taxes and special assessments of the city, the county, the state or any political subdivision of the city, county, or state.

(b) In lieu of taxes or special assessments, the authority may agree to make payments to the city, county or political subdivision for improvements, services and facilities furnished by the city, county, or political subdivision for the benefit of a housing project, but in no event may the payments exceed the estimated cost to the city, county or political subdivision of the improvements, services or facilities furnished.



(3) Notwithstanding subsection (2) of this section, property of a housing authority that is commercial property leased to a taxable entity is not exempt from taxation and special assessments under this section. [Formerly 456.225; 2007 c.606 §4; 2013 c.193 §25]

Application Memo

If your project is interested in applying for this tax exemption, please complete the application and submit through the methods outlined below. Application fees are collected to review and identify if the project meets the mission of the housing authority as well as the collective guidance outlined through the City of Salem priorities on housing production.

The Salem Housing Authority will provide a fee summary and analysis as a part of the project review and included as part of the application fee. If the Salem Housing Authority deems this project eligible, both parties must agree to the fees and costs prior to advancing the project to legal review and then, moving on to council approval.

Application updates

Every application must be electronically submitted via email or through the SHA Program Portal:

- If an application is **signed**, an original copy of the application must **also** be mailed to Salem Housing Authority.
- If an application is **signed digitally**, the original copy does not need to be mailed.
- **For applications that are not signed digitally**, the original, completed, and notarized application must be mailed to Salem Housing Authority along with the application fee. A digital copy must also be submitted.

Reminder: The exemption only applies to those areas that are occupied by or used for providing housing for low-income tenants.

- Hallways, bathrooms, laundry rooms, on-site manager units, community rooms, etc., **are eligible** for exemption.
- Commercial and/or retail spaces **are not**.
- Units at or above 80% AMI will not be eligible. Project would receive a partial exemption.
- for any tax year, the institution or organization entitled to claim the exemption must file a claim with the county assessor, on or before April 1 preceding the tax year for which the exemption is claimed. The claim must contain statements, verified by the oath or affirmation of the president or other proper officer of the institution or organization, that; List all real property claimed to be exempt and show the purpose for which the real property is used; and cite the statutes under which exemption for personal property is claimed.



Exemptions are calculated by the **Marion County Tax Assessors Office** using a combination of units and percentage of affordability. Please be sure to review your figures for accuracy before submitting your application.

Application Process

All items below must be provided to constitute a complete application.

1. Project Narrative including project name, contact information, address, property amenities, proximity to public transportation and area information.
2. Photos of the property and/or property brochure
3. Desired term
4. Total unit count of property and tax exemption requested. This should include the number of set-asides you are willing to offer as well as the desired rent levels.
5. If the request is for a new development project, please enclose a project timeline.
6. If the request is for an existing property, please explain how we will get to the number of set asides required and include a timeline.
7. Current financials or proforma
8. Current and proposed rents
9. Subsidy layering and current financing (if applicable)
10. Internal protocol to manage and maintain set aside units.
11. Any additional information important to the project and our selection approval

How to Apply

Applications are accepted throughout the year, however, to be considered for the current tax year, applications must be received by April 1, of the same year. To apply, follow the steps below:

1. **Application forms.** Read carefully and complete all sections of the application and uploads which apply to your organization for each building you are requesting an exemption.
2. **Affiliated organization.** If your organization is not the property owner, but affiliated with the property, provide the documentations regarding the affiliation.
3. **Signature.** All applications must be signed.
 - If signed **digitally**, only a digital submission of the application is required.
 - If signed **physically**, a **hard copy** of the application is required in addition to the digital submission. Please mail the original copy to Salem Housing Authority.
4. **Supporting documents.** Applications must include and upload all required supplemental documents or review will not begin.
5. **Application fee.** An application fee is required for each project. Attach a check or money order payable to the Salem Housing Authority in the amount noted for each application type. If the application is denied, the Salem Housing Authority will invoice its administrative costs and return any balance to the applicant.



6. **Email application.** Submit a digital copy of the completed application, jblakely@salemhousingor.com.
 - **Mailing address.** Please submit application fees, and if applicable, the notarized hard copy to the address below:
Salem Housing Authority
Attn: Jessica Blakely
360 Church Street SE Salem, Oregon 97301
7. **Upload Application and supporting materials.** You may complete the application electronically by clicking the link below.

[Application Link \(Click Here\)](#)

Frequently Asked Questions

Why are there two options for partnership?

One of the greatest benefits of this program is its limited duration and options to renew. This allows for greater flexibility in changing market conditions as well as a decrease in one of your heaviest operating expenses each year. We can negotiate terms as low as 5 years, options for

renewal, clauses for property sales and options to adjust the standard based on specific property needs / goals. We can also accommodate through special limited partnership a long-term commitment to the project for its lifespan.

If I apply, am I guaranteed a tax exemption?

Ultimately the decision is made by the County Tax Assessor, however, unless the statute is revised, it is likely projects that are formed under similar structure as prior projects will have a similar outcome. The General Manager path is more likely to be challenged as it is not considered ownership. We urge you to contact the County Tax Assessor for more information regarding their decision making if you have questions or concerns.

Should my set-asides be fixed or floating?

The set-aside units should not be specific units. It is recommended that internal processes be set up to ensure the correct total of units as well as required percentages as it states in the agreement. In your request for tax exemption, we will review the process you will implement to track and monitor set asides. To ensure program compliance, Salem Housing Authority will establish an annual inspection date for which an audit of the files as well as an inspection of units will take place.

Who is eligible to apply for the Community Low Income Tax Exemption Program?

For Profit Developers, Non-Profit Developers (If not claiming an exemption by other means) and any other entity structure interested in building affordable housing or preserving existing affordable housing.



What are the property requirements to be eligible?

Properties, with residential units, must be located within the City of Salem Oregon or Keizer, Oregon and be occupied or ready to occupy during the upcoming tax year by income-eligible households. In some cases, this application may be submitted during the Pre-Development phase of funding. Understanding that projects may need this exemption prior to receipt of funding awards.

Housing units which are unoccupied at the time of application may be included in the total eligible units **if the application meets the following conditions:**

1. The units will be available exclusively to eligible, low-income persons.
2. The units are intended to be occupied in accordance with their timeline of funding or construction schedule.
3. The application must be filled out giving information to the best of your ability regarding how the applicant plans to provide housing to eligible tenants; and
4. Vacant land must be held for future development of affordable housing for the low-income and must include a development plan in the application.

Vacant land intended to be developed as low-income housing is also eligible for the exemption provided under this program, but applicants must indicate a plan for use of that property in the application.

If the property is not yet acquired, can we still apply?

Applicants may apply for the exemption, however, if the project is not successful in receipt of funding or the project fails to come to fruition, the application fee is non-refundable.

What portions of the property are eligible for the tax exemption?

Only the residential portion of a property which is used to house low-income people or space that is used directly in providing housing for its low-income residents is eligible for a property tax exemption. For example, the commercial space in a mixed-use building would not be eligible for tax exemption; however, hallways, restrooms, community rooms, laundry facilities, on-site manager units, etc. would be.

Would an ownership change affect the exemption on the property?

The Tax exemption status can be transferred. However, please contact Salem Housing Authority for proper next steps. The County / Housing Authority has the discretion to remove ineligible projects.

Can this program be used in conjunction with other tax exemption programs?

If the property has already secured a tax exemption from another city program, the tax exemption will not work in conjunction.

Outside of the above-mentioned scenario, a property can have multiple types of tax exemption programs; however, a single unit or space cannot have multiple exemptions applied to it.

What qualifies as low income?

Salem & Keizer's Largest
Affordable Housing Provider
503.588.6368
TDD Users: Dial 711
Fax: 503.588.6465



360 Church Street SE
Salem, Oregon 97301

housing@SalemHousingOR.com
SalemHousingOR.com



Only units intended for occupancy by low-income households, as well as space used directly in providing housing for its low-income residents are eligible for exemption.

Low income is qualified as 80% AMI or below. However, preference may be given to projects that have a deepened affordability. The area median income and rent limits are posted Oregon Housing and Community Services website:

<https://www.oregon.gov/ohcs/compliance-monitoring/Pages/rent-income-limits.aspx>

Who administers the program?

The Salem Housing Authority Administers the program.

Contact

Jessica Blakely

Assistant Housing Administrator

jblakely@salemhousingor.com

503.373.3808