

FY2026
Property Tax Exemption
Application
(County Tax Year 2025)

Property Tax Exemption Program for
Low-Income Housing Held by
Charitable, Nonprofit Organizations*

**Applications must be received at the City of Salem
no later than 4:00 p.m. on
Monday, September 30, 2024**

Instructions

The Oregon legislature authorizes a property tax exemption for low-income housing held by charitable, nonprofit organizations.¹ The tax exemption is intended to benefit low-income persons² and is available for qualifying property located in the City of Salem. Specific provisions that govern the City of Salem's Nonprofit Corporation Low-income Tax Exemption Program are provided in the Salem Revised Code Sec. 2.850 to 2.910.

Application guidelines:

- Charitable, nonprofit organizations that provide housing to low-income persons are eligible.
- The organization must be certified by the Internal Revenue Services as a 501(c)(3) or 501(c)(4) (ORS 307.180).
- Organizations must own or have a leasehold interest in the property. In addition, your nonprofit organization can qualify if it participates as the general partner in a limited partnership who owns the property, so long as the nonprofit organization is responsible for the day-to-day management of the property. In this case, the limited partnership must be listed as the owner.
- The site must be able to show that it will be occupied during the eligible tax year by income-eligible households.
- Vacant land intended to be developed as low-income housing is eligible for the exemption provided under this program. **The maximum period for this exemption is 3 years.**
- Applicants who are leaseholders must have a signed leasehold agreement by the application deadline.
- Applications for renewal of existing exemptions must be made annually. Any renewal application for a property that has been previously exempted from taxation will be evaluated on criteria used to grant the original exemption. Applications for each year are due by October 1st to meet the County Assessor's deadline for certification by April 1st.
- Applications for new exemptions will be acted upon by Council within sixty (60) days of the submission deadline to afford owners the opportunity to request exemption from other jurisdictions.
- The application for tax exemption is for property that is, or will be, owned or leased from July 1 through June 30 of the County tax year for which the tax exemption is requested. **If the property changes ownership between July 1 and June 30 of**

¹ ORS 307.540 – 307.548.

² "Low-income persons" are individuals earning 60% or less of the area median income. See attachment A (2024 Income Eligibility Schedule)

the year for which the tax exemption is granted, the applicant must notify the City of Salem of the change in the status so that the continuing eligibility of the property can be evaluated.

- Only the residential portion of property that is used to house low-income people or property that is being held for future development as low-income housing. For example, the commercial space in a mixed-use building would not be eligible for the exemption.
- The City can only grant an exemption for the City's portion of property tax. The property may qualify for complete exemption under this program when governing bodies and service districts representing 51% of the taxes levied on the property have formally agreed to the exemption. For initial applications, it is the owner's responsibility to apply for exemption to other taxing jurisdictions, however the City will provide a letter to other jurisdictions when a property has been granted a City exemption.

Who administers the program?

The City of Salem will administer the program but coordinates closely with the Marion and Polk County's Office of Assessment and Taxation. Please contact Michael Brown at 503-540-2471 or email mbrown@cityofsalem.net with questions.

How to apply?

Submit a complete and accurate application:

1. Complete Sections A through E for the applicant **organization and each property** for which a property tax exemption is being requested.
2. All applications must be signed and **notarized** - Notarization (Section E) is required only for each organization and application, *not each property*.
3. **Applications must include a copy of IRS 501(c)(3) or (4) letter** certifying the applicant organization's eligible charitable nonprofit status. **If the nonprofit organization is a general partner in a limited partnership who owns the property, the nonprofit organization must be responsible for the day-to-day management of the property. In this case, the limited partnership must be listed as the owner.**

For the FY2026 application cycle, applications must be received at the City of Salem no later than 4 p.m., Monday, September 30, 2024. Applications received after the deadline will be returned unopened.

4. **An application fee of \$50 per property is required to apply for this program or to recertify a previously exempted property.**
5. **An inspection fee of \$200 per property is required to apply for this program or to recertify a previously exempted property.** Verification that the property meets the standard of safe and habitable as set forth in SRC 2.870.(a).(5) may occur by any combination of physical inspections performed by staff, City of Salem multi-unit

housing licensing inspection results, Salem Housing Authority voucher inspection results, OHCS streamlining inspection results, or HUD REAC results. All inspection results within 12 months of the date of application are considered in determining compliance. For initial applications on new construction/rehabilitation properties, the City's Certificate of Occupancy may serve as verification of physical compliance for the initial year of exemption. It's the City's policy to reduce the intrusiveness of physical inspections on tenants by utilizing several sources.

- 6. Verifying income eligibility.** City staff will conduct a file review to verify income eligibility for households identified in the unit list (or a percentage thereof).
- a. For properties granted pre-development exemption, the file review will occur upon lease up.
 - b. For properties requesting recertifications, file reviews will take place every third year of exemption (ie. year 3, year 6 and year 9). File reviews that do not support compliance with income eligibility will prompt exemption termination proceedings under SRC 2.910.

Submit applications via mail to the address below:

City of Salem
Urban Development Department
c/o Michael Brown
350 Commercial St. NE
Salem, OR 97301

Submit applications via e-mail to the address below:

mbrown@cityofsalem.net

Attachment A

Income Eligibility Schedule For County Tax Year 2025

The following income eligibility schedule is to be used in determining whether tenants meet the definition of Low Income per SRC 2.860. Only units which are intended for occupancy by households with incomes at or below these income guidelines are eligible for the exemption.

Household Size	Household Income Not to Exceed
1	\$38,400
2	\$43,860
3	\$49,320
4	\$54,780
5	\$59,220
6	\$63,600
7	\$67,980
8	\$72,360

Note: Unoccupied housing units at the time of application may be included in the total eligible units if the applicant meets the following conditions:

- A. The units will be available exclusively to eligible low-income persons.
- B. The units are intended to be occupied within the tax year of the exemption.
- C. The applicant must provide a written statement to the effect of A and B above and attach it to the application. This statement must include the prior year's vacancy rate for the property, and an explanation as to what units are not occupied during the year. Chronic vacancy patterns due to property management or property condition may be grounds for denying an application or renewal request.

Application Checklist

TO BE SUBMITTED WITH APPLICATION

_____ Completed Application:

_____ Section A

_____ Section B

_____ **Required Attachment** Capital Reserve Balance bank statement

_____ Section C

_____ **Required Attachment** Property Title Report no more than 30 days old or County Assessor record showing current ownership no more than 30 days old. (New applications only)

_____ Section D

_____ Section E

_____ **Required Attachment** IRS declaration of the status of applicant as a tax-exempt corporation under 26 U.S.C. Section 501 (c)(3) or (4).

Other Required Documents:

_____ Unit list identifying which units house income qualifying households (not a rent roll)

_____ Property's Current Income Statement

_____ Application and Inspection Fee

Application

**Property Tax Exemption for Low-Income Housing Held By
Charitable, Nonprofit Organizations**

(Implementing Provisions of ORS 307.540 - 548)

(For Office Use Only)

_____, City of Salem, Oregon Date Received _____

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Section A – General Information

Please check one:

- Initial Property Application
- Renewal Property Application

Corporate Name: _____

Address: _____

Telephone Number: _____ / _____
 Business Alternate Phone

Email Address: _____

Chief Executive Officer: _____

Contact Person Name and Number: _____

Section B - Property to be Considered for Exemption

(Sections B, C, and D must be filled out for each property for which you are requesting a tax exemption)

Owner of record: _____

Property Address: _____
(Physical address of the property for which you are seeking an exemption)

Property Tax Account Number(s): _____

Tax lot Account Number(s): _____

(Be sure to identify *all* account numbers for both land and improvements on the property for which you are requesting tax exemption. In some cases, land and improvements may have separate account numbers. The Property Tax Account Number(s) and the Tax lot Account Number(s) should be on your property tax statements.)

Total number of residential units in building(s): _____

Number of residential units occupied by income eligible households: _____

Number of residential units occupied by non-income eligible households: _____

Number of vacant residential units: _____

Is any portion of the building used for non-residential purposes, such as retail or office space not supporting the residential use? Yes No

If yes, please explain, and give percentage of property in that use.

Date when exemption was first granted for this property: _____
(For renewal applications only)

What is your capital reserve balance? _____

Does this amount equal or exceed \$450 per unit per year from when the exemption was first granted? Yes No

If no, what expenses did the Capital Reserve pay for in the preceding year?

If no, what is the plan to return the Capital Reserve balance to the required amount by the next renewal cycle?

Section C - Eligible Property

Do you own the property in question? Yes No

For new applicants only: A title report or County Assessor record, no more than thirty days old, is needed to document ownership. Have you provided documentation of ownership for the property?

Yes No

If you do not own the property, do you have leasehold interest in the property?

Yes No

If you have an ownership interest in the property, but your organization is not the record owner, describe your interest in the property. NOTE: Your nonprofit organization *must* be responsible for day-to-day operations in order to be eligible for exemption under this program. *Include that information in your description.*

If you have a leasehold interest, describe your interest and include a statement describing how, as the nonprofit organization, you are obligated under the terms of the lease to pay the ad valorem taxes on this property or other contractual arrangement such that the property tax exemption benefits accrue to the nonprofit agency and the residential tenants rather than the owner or corporation from whom you lease.

If the property is being held for future low-income housing development, describe the future development (number of units, units broken out by # of bedrooms, amenities available, etc.) and the income level(s) that will be served by the future development.

Section D - Description of Charitable Purpose/Project Benefit
(Use for multiple projects if same conditions apply)

Briefly describe your organization's charitable purpose:

Is the property being held for the purpose of developing low-income housing?

Yes No

If yes, the holding period may not exceed three years. When did the period begin?

Is all or a portion of the property is being used for the charitable purpose?

All Portion

If a portion, approximately what percentage of the property? _____

Will the cost savings resulting from the proposed tax exemption enable you to do the following:

Reduce the rents that your low-income residential tenants pay on the property in question? Yes No

If so, by approximately how much? _____

Provide greater services to your low-income residential tenants?

Yes No

If yes, in what way(s)?

Provide any other benefit to your low-income residential tenants?

Yes No

If yes, please explain.

If you lease the property identified in this application, please explain to what extent your lease agreement coincides with the timeframe of the qualifying tax year:

Section E – Declarations

1. I am aware of the requirements for tax exemption imposed by ORS 307.540 – 307.548 (Chapter 660 Oregon Laws 1985, as amended by Chapter 756 Oregon Laws 1987) and modified by Salem Revised Code Sec. 2.850 to 2.910 and I have attached the applicant corporation's IRS declaration of tax-exempt status under 26 U.S.C. Section 501 (c)(3) or (4).

2. I am aware that income-qualifying tenants must meet the established income guidelines and believe tenant incomes do not exceed these limitations.

4. To the best of my knowledge, the above-described property or properties qualify, or if vacant or under construction, will qualify for property tax exemption once occupancy is established.

5. I have read and understood the criteria, and I certify that the corporation meets the criteria.

6. I certify that the corporation has no outstanding liabilities with the City of Salem and that the corporation's properties are in compliance with City permitting and code requirements.

7. I agree that the City may, at its option, upon five (5) days' prior written notice to Applicant, inspect the premises at regular intervals to ensure the premises are maintained in decent, safe, and sanitary condition and to verify the accuracy of the reports required herein and compliance with other provisions of tax exemption criteria.

8. I understand that in order to claim this exemption after the initial year for which it has been granted, a Property Tax Exemption Recertification Application must be completed and filed annually by the applicable deadline.

9. All the information in this application is true to the best of my belief and knowledge, and is for the purpose of determining eligibility for the City of Salem's tax exemption program.

By: _____
Agency Chief Executive Officer (Signature)

Agency Chief Executive Officer (Print or Type)

For: _____
Corporate Name (Print or Type)

SUBSCRIBED AND SWORN to before me this ____ day of _____, 20__.

Notary Public for Oregon (Signature)

Notary Public for Oregon (Print or Type Name)

My Commission Expires _____