



NON-PROFIT CORPORATION LOW INCOME HOUSING TAX EXEMPTIONS

CITY COUNCIL WORK SESSION – APRIL 25, 2022



EXEMPTION CRITERIA

- Property owned by a tax-exempt non-profit under IRS Code 501(c)(3) or (4)
- Certain requirements of liquidation of assets
- Property is occupied by low income persons or held for future development as low income housing
 - Income at or below 60 percent of the area median income
- Property, or portion of property, is actually and exclusively used for purposes described in IRS Code 501(c)(3) or (4)
- The exemption has been approved by the City Council

PROCESS

- Corporation files an application annually
 - Description of property
 - Description of charitable purpose of project and whether all or a portion of the property is being used for this purpose
 - Certification of income levels of low income occupants
 - Description of how the tax exemption will benefit project residents
 - Description of development of project if the property is being held for future low income housing development
 - Declaration that the corporation has been granted an exemption from income taxes under IRS Code 501(c)(3) or (4)
- Within 30 days of application, Council would determine whether the applicant qualifies for the exemption
- City certifies exemption to County Assessor

NEXT STEPS IF COUNCIL GIVES DIRECTION TO PROCEED

- Communicate with other taxing districts
 - If 51% or more of total rate of taxation agree to exemption, tax levy of all taxing districts is exempted
- Develop application and process
- Return at future Council meeting with draft ordinance