



Tax Year 2024-2025 Property Tax Exemption Application

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

*Implementing provisions of ORS 307.540 - 548

Program Overview, Criteria and Guidelines

The Oregon Revised Statutes (ORS) authorize 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 Hillsboro. Specific provisions that govern the City of Hillsboro's Nonprofit Corporation Low-income Tax Exemption Program are provided in Hillsboro Municipal Code Sections 3.40.010 to 3.40.060.

Application guidelines:

- Charitable, nonprofit organizations that provide housing to low-income persons are eligible to receive the exemption.
- The organization must be a 501(c)(3) or 501(c)(4) corporation. In addition, upon liquidation, the assets of the corporation are required to be applied first in payment of all outstanding obligations, and the balance remaining, in cash and in kind, to be distributed to corporations exempt from taxation and operated exclusively for religious, charitable, scientific, literary or educational purposes or to the State of Oregon.
- The organization 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 partnership that owns the property, so long as the nonprofit organization is responsible for the day-to-day management of the property. In this case, the partnership must be listed as the owner.
- An organization that only has a leasehold interest in the property must be obligated under the terms of the lease to pay the ad valorem taxes on the real and personal property used in providing housing to income eligible households; or the rent payable by the corporation must have been established to reflect the savings resulting from this tax exemption.
- Applicants must show that applicable properties will be occupied during the eligible tax year by income-eligible households as described in this application.
- Vacant land intended to be developed as low-income housing is eligible for the exemption provided under this program. **The maximum period the tax exemption can apply to vacant land is 3 years.**
- Applications for the exemption must be submitted annually. Applications are due by **February 16th** of the tax year for which the exemption is requested.
- Applicants may also apply for the exemption for properties expected to be acquired after February 16th and before July 1st of the tax year **but the application form must be**

¹ ORS 307.540 – 307.548.

² "Low-income persons" are individuals earning 60% or less of the area median income for the initial year a person occupies the property for which an application is filed. See Income Eligibility Schedule (Attachment A) [Hillsboro Municipal Code § 3.40.010]. Thereafter, for every subsequent year the person occupies the property, their income must be at or below 80% of the area median income.

submitted within 30 days of property acquisition. Applicants who are leaseholders must have a signed leasehold agreement by the February 16th application deadline.

- The property or portion of the property receiving the exemption, if occupied, is actually and exclusively used for the purposes described in section 501(c)(3) or (4) of the Internal Revenue Code.
- Only the residential portion of property used to house low-income people or property being held for future development as low-income housing is eligible. For example, the commercial space in a mixed-use building would not be eligible for the exemption. Therefore, partial property tax exemptions may apply.

Please check to ensure that your property or properties are located within the City of Hillsboro.

Who administers the program?

The City of Hillsboro administers this program and coordinates closely with the Washington County Office of Assessment and Taxation. Please contact Chris Hartye at 503-681-4971 or at Chris.Hartye@Hillsboro-Oregon.gov with questions.

How to apply?

Submit a **complete** and **accurate** application which includes **all** of the following information:

1. Complete Sections A and E for your **organization**. Complete Sections B, C, and D for **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. **New applications must include a copy of IRS 501(c)(3) or (4) letter** certifying your organization's eligible charitable nonprofit status. **If your nonprofit organization is a general partner in a limited partnership that 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.**
4. **Applications must be received by the City of Hillsboro no later than 5:00 p.m. on February 16, 2024.**
5. **No application fee is required to apply for this program.**

Submit applications to the (email) address below:

Chris Hartye
Senior Project Manager, City of Hillsboro
150 East Main Street, Hillsboro, OR 97123
Chris.hartye@hillsboro-oregon.gov

2024 Income Eligibility Schedule

The following income eligibility schedule is used to determine the amount of property eligible for the exemption. Only units occupied or intended for occupancy by households with incomes at or below these levels are eligible for the exemption: 60% of Area Median Income (AMI) for the initial application. For renewal and future applications, the income of eligible individuals who continue to occupy the property in subsequent years may rise to 80% of the area median income.

Household Size	Household Income Not to Exceed	
	60% AMI	80% AMI
1	\$47,400	\$63,200
2	\$54,180	\$72,240
3	\$60,960	\$81,280
4	\$67,680	\$90,240
5	\$73,140	\$97,520
6	\$78,540	\$104,720

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 year.
- C. The applicant must provide a written statement to the effect of A and B above and attach it to the application.

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 Name (if applicable) and 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 Buildings at Property: _____

Total Number of Residential Units in Building(s): _____

Number of Residential Units Occupied by Low-income People: _____

Total Square Feet in Building(s): _____

Total Square Feet of Residential and Residential Common Area:⁴ _____

Date When Exemption was First Granted for this Property: _____

(For renewal applications only)

⁴ This includes halls, baths, dining, and other space dedicated to residential use. Retail uses and other accessory uses not related to residential use are not to be counted.

Section C – Ownership Interest in Eligible Property

Do you own the property in question? 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 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.

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

Yes

No

If yes, please describe the proposed housing development, including the income levels intended to be served.

If yes, the holding period may not exceed three years. What was the property purchase date? _____

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

(Please read carefully and sign below before a notary)

- 1. I have attached to this application the IRS declaration of the status of applicant as a tax-exempt corporation under 26 U.S.C. Section 501 (c)(3) or (4).
- 2. I am aware that the income-qualifying tenants must meet the income guidelines in accordance with Hillsboro Municipal Code Section 3.40.010. (See Attachment A, Income Eligibility Schedule.) Tenant incomes do not exceed these limitations.
- 3. I am aware of all 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 Hillsboro Municipal Code Subchapter 3.40.
- 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 provided, and I certify that the nonprofit corporation meets that criteria.
- 6. 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 tax exemption program authorized by ORS 307.540 -307.548 and administered through Hillsboro Municipal Code section 3.40.

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 _____, _____.

Notary Public for Oregon (Signature)

Notary Public for Oregon (Print or Type Name)

My Commission Expires _____