

### Program Overview

The Nonprofit Homes for the Elderly Program (NPHE) is a state-funded property tax exemption. It is granted to private, nonprofit corporations that provide permanent housing, recreational, and social facilities, and care to elderly persons. The value of the exemption must be passed on to the individual residents in the form of a reduction in the amount of rent that would otherwise have been paid.

### Program Description

The NPHE program was enacted in 1977 to assist private, nonprofit corporations in providing permanent housing to elderly persons, and codified in statute ORS 307.241. In order to qualify for this program, the nonprofit corporation must be organized and operated only for the purpose of furnishing permanent residential, recreational, and social facilities for elderly persons (62 years of age and older). The residents' payments for living, medical, and recreational expenses, and for social services and facilities, must make up at least 95 percent of the corporation's operating gross income. The nonprofit must receive federal or state financial aid under federal and state laws designed to aid low-income individuals. The corporation may not charge more than one month of rent as a move-in fee or deposit, and the rent amount must reflect the property tax savings.

### How it Works

The corporation applies with the county assessor of the county in which the property is located. The assessor approves or denies the exemption but may request the department's assistance to determine the nonprofit corporation's qualification for the exemption. If approved, the assessor computes the tax and notifies the Department of Revenue of the amount of the exemption. The agency pays the amount the tax would have been, less the 3 percent timely payment deduction, to the county treasurer by November 15 of each year. If in any given year the appropriation amount is not sufficient to cover the tax amount billed, the department may prorate the available money to the counties. The money to carry out the NPHE program and pay the property tax exemption to the counties is provided by the legislature to the Department of Revenue each biennium.

### Program Performance

The average monthly rent reduction is about \$40 per unit. For seniors on fixed incomes, any rent reduction can be significant. This program takes minimal resources to administer with a high benefit to program participants. The department made property tax replacement payments of about \$1.6 million to 13 counties for 40 eligible nonprofit homes for the elderly for the 2019–20 tax year.

### Agency Contact

Bram Ekstrand, Property Tax Administrator – [bram.n.ekstrand@oregon.gov](mailto:bram.n.ekstrand@oregon.gov) (503) 302-1947