Town of Provincetown
260 Commercial Street
Provincetown, MA 02657

Board of Assessors

FY 2016 Affordable Housing Property Tax Exemption for Owners of Affordable Year-round Rental Housing July 1, 2016 deadline for FY 2016

Please Note: FY 2016 Final/Actual Tax Bill must be paid in full & Rental Certificate must be on file with the Licensing Department in order to submit application & receive exemption.

On May 6, 2003, at the Annual Town Election, Provincetown voters approved the acceptance of Chapter 408 of the Acts of 2002 providing for a property tax exemption for affordable year-round rental units in Provincetown. The program went into effect July 1, 2003

Property Tax Exemption — No property tax will be charged for that portion of the property, which is used for affordable housing purposes under this program. The amount of the exemption would be equal to the tax otherwise due multiplied by the square footage of the units set aside for affordable housing purposes divided by the total square footage of the structure.

*No deed restrictions are needed*_ Properties must qualify annually, with exemptions granted by the Board of Assessors on a year-to-year basis. If a property qualifies for that year, an exemption is granted for that year. The Town's Principal Assessor as an agent for the Board of Assessors will coordinate a review of tenants' income information – verified by Tax Returns of the previous year (i.e. 2015 Federal Tax Return for FY16 Exemption) or in the case of a person who receives Social Security and does not file a Tax Return, a copy of SSI Wage Statement or one monthly bank statement showing electronic transfer of Social Security payments). This eliminates the requirement for a deed restriction. **Property owners must have a lease in place for the entire fiscal year - July 1, 2015 to June 30, 2016 - in order for the Board of Assessors to be able to grant tax exemption for FY 2016.** The lease must conform to income limits for low-income households as defined by HUD and shown in Table 1.

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For Year-round Rental Properties Only — This

tax exemption will only be available to owners of housing units, which are *rented* to low-income households, as defined in the program. Owners of Provincetown dwellings who live out of Town and who do not currently rent out all or part of their property on a year round basis may want to consider participating in this program. Doing so would create additional year-round affordable housing for income eligible residents, and would allow these property owners to receive reasonable rents as well as pay less in property tax.

For Low Income Households only

Renters' household income limits may not exceed 80% of the median household income for the region, as established by the Massachusetts Housing Partnership. Those limits—— based on household size --- are shown in Table 1.

Table 1 -- Annual Income Limits --Household size Low Income (HUD 80%)

1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
$47,550	$54,350	$61,150	$67,900	$73,350	$78,800

If property owners rent at affordable rates to households, which earn above these income limits, then they are not eligible for the tax exemption. **Property owners and tenants should be aware that income verification of tenants requires documentation (i.e. Federal Tax Returns, Bank Statements, etc.).**

Low Income Rent Limits Owners may not charge rents——

including utilities—— which exceed the following Massachusetts Housing Partnership rent limits for low income households, as shown in Table 2.

Table 2 -- Monthly Rent Limits -- Number of bedrooms Low Income (MHP 80%)

SRO	Efficiency	1 BDRM	2 BDRM	3 BDRM	4 BDRM
$891	$1,188	$1,273	$1,528	$1,765	$1,970

If property owners rent to income eligible households (per Table 1), but charge rents (including utilities) above those shown in Table 2, they are not eligible for the tax exemption. These rents assume that the landlord pays all utilities; an allowance for any utilities paid by tenants must be deducted from these rents (see Utility Allowances). **A twelve-month lease must be in place by July 1, 2015.**

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Utility Allowances—Owners will need to subtract the allowed utility costs from the maximum rent if tenants pay their own utilities. See Table 3 below.

Table 3 -- Monthly Utility Allowance – For Multi-Family & Attached Condos

Note: Utility chart for single family and stand alone condo units available on request.

Table 3: Multi-Family & Attached Condo Utility Allowance Monthly Utility Allowance for Multi-Family & attached Condos					
	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Heat-Oil	$35	$57	$79	$101	$123
Heat-Gas	$23	$27	$31	$35	$39
Heat-Electric	$35	$57	$79	$101	$123
Heat-Propane	$63	$73	$83	$93	$103
Plus +					
Electric (General)	$38	$55	$71	$88	$105
Plus +					
Hot Water-Electric	$24	$38	$51	$65	$78
Hot Water-Nat Gas	$8	$13	$18	$23	$28
Hot Water-Oil	$24	$38	$51	$65	$78
Hot Water-Propane	$24	$37	$50	$63	$76
Plus +					
Cooking-Electric	$12	$17	$21	$26	$31
Cooking-Nat-Gas	$11	$13	$15	$17	$18
Cooking-Propane	$13	$18	$23	$28	$33

Utility Allowances - Owners will need to subtract the allowed utility costs from the maximum if tenants pays their own utilities. See table below for examples of Multi-Unit Dwellings

Multi Family & Attached Condo	Rental Unit-Type	Rental Unit-Rent See Table 2	Utilities Paid by Tenant	Amount of Utilities See Table 3	Rent - Utilities = Allowable Rent
Example 1	1 BDRM	$1,273	Heat-Propane	$73	**$1,200**
Example 2	2 BDRM	$1,528	Heat-Oil	$79	**$1,307**
			Electric-General	$71	
			Hot Water-Propane	$50	
			Cooking-Electric	$21	
Example 3	3 BDRM	$1,765	Heat-Electric	$101	**$1,485**
			Electric-General	$88	
			Hot Water-Electric	$65	
			Cooking-Electric	$26	

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Benefit

The benefit of the program is that property owners who do provide affordable housing are exempt from paying property tax on that portion of their property which is being rented at or below the affordable rates as shown above, to income-eligible households.

Example

A particular dwelling is a duplex. The owner lives in one unit and rents out the other unit (of equal size) to an income eligible household at rents (including utilities) at or below those shown above. Without this affordable housing exemption, the property owner would have had a tax burden of $4,000. If a lease for the full fiscal year (July 1, 2015 to June 30, 2016) is in place by July 1, 2015, then the owner could apply for a property tax exemption, and if granted, would pay property tax for the year of only $2,000, or half of the full tax burden. Therefore, this affordable housing exemption, if granted by the Board of Assessors, would save the property owner $2,000 in FY 2016 Real Estate Taxes. **Land Bank & CPA taxes are not eligible for exemption.**

Background

At the April 1, 2002 Special Town Meeting, Provincetown voters approved STM Article 9, to submit a home rule petition for special state legislation allowing the Town of Provincetown to offer ***a property tax exemption available to owners of housing units that are rented on a year-round basis to low income households at rents (including utilities) not exceeding HUD limits for low income households. This Town Meeting Article was introduced into the State Legislature as Senate Bill No. 2325. Following final enactment by both the House and Senate, the bill was placed before the Governor for signature on December 9, 2002 to become law. On December 19, 2002, Acting Governor Jane Swift signed this bill into law as Chapter 408 of the Acts of 2002.***

This Act required acceptance by Provincetown voters at a subsequent town election in order to take effect. On May 6, 2003, voters approved the acceptance of Chapter 408 of the Acts of 2002, providing for a property tax exemption for affordable year-round rental units in Provincetown. The program went into effect July 1, 2003.

Contact Information

If you provide year-round rental housing to income-eligible households at affordable rates (or if you wish to), contact Principal Assessor Scott Fahle prior to July 1, 2016 at 508 487-7017 or sfahle@provincetowngov-ma.gov to obtain additional information about qualifying for this property tax exemption.

Provincetown FY16
Affordable Housing – Utility Insert

Table 4: Single Family (Detached) Utility Allowance Monthly Utility Allowance for Single Family Dwellings & Free Standing Units					
	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Heat-Oil	$41	$67	$92	$117	$142
Heat-Gas	$31	$51	$70	$90	$110
Heat-Electric	$66	$96	$126	$156	$186
Heat-Propane	$83	$134	$185	$235	$286
Plus +					
Electric (General)	$52	$75	$97	$128	$151
Plus +					
Hot Water-Electric	$24	$38	$51	$65	$78
Hot Water-Nat Gas	$8	$13	$18	$23	$28
Hot Water-Oil	$13	$20	$27	$35	$42
Hot Water-Propane	$24	$37	$50	$63	$76
Plus +					
Cooking-Electric	$12	$17	$21	$26	$31
Cooking-Nat-Gas	$11	$13	$15	$17	$18
Cooking-Propane	$13	$18	$23	$28	$33

Utility Allowances - Owners will need to subtract the allowed utility costs from the maximun if tenants pays their own utilities. See table below for examples of Single Family Dwellings

Single Family and Free Standing Condo Units	Rental Unit-Type	Rental Unit-Rent See Table 2	Utilities Paid by Tenant	Amount of Utilites See Table 4	Rent - Utilities = Allowable Rent
Example 1	1 BDRM	$1,273	Heat-Propane	$134	**$1,139**
Example 2	2 BDRM	$1,528	Heat-Oil	$92	**$1,103**
			Electric-General	$97	
			Hot Water-Propane	$185	
			Cooking-Electric	$51	
Example 3	3 BDRM	$1,765	Heat-Electric	$156	**$1,390**
			Electric-General	$128	
			Hot Water-Electric	$65	
			Cooking-Electric	$26	

WORK SHEET Single Family and Free Standing Units	Rental Unit-Type	Rental Unit-Rent From Table 2	Utilities Paid by Tenant List type of utility here	Amount of Utilites From Table 4	Rent - Utilities = Allowable Rent
Rental 1	Bedrooms		1		
			2		
			3		
			4		
Rental 2	Bedrooms		1		
			2		
			3		
			4		
Rental 3	Bedrooms		1		
			2		
			3		
			4		