

Inter-Church Council Housing Corporation

AGENDA #3a(1)

Post Office Box 3692
Chapel Hill, North Carolina 27515

Elliott Woods

Chase Park

August 25, 2004

Honorable Kevin Foy, Mayor
Town of Chapel Hill
306 North Columbia Street
Chapel Hill, NC 27514

Dear Mayor Foy:

I am the president of the Board of Directors of the Inter-Church Council Housing Corporation, and we are owners of two housing units in town, Elliott Woods, located behind the Church of Reconciliation; and Chase Park, located on Highway 54 ByPass. Our 78 apartments were constructed 25 years ago, and I have been on the Board for all of those years. We were able to build these units with a loan from the Department of Housing and Urban Development at a low-interest rate. The housing is for persons living in the Chapel Hill-Carrboro School District and our rents are set by HUD for low-income families. We have now been providing low-rent housing for citizens of this town for 25 years and are managing by very close budget management to pay off our loan to HUD. We are a non-profit organization.

In a letter dated 2 July 2004, we were informed by Trisha Seidel, Revenue Collector, that we were being assessed for \$880.00 for garbage collection. This is a tax that we have not had to pay in the past, and we have no provisions in our budget for paying this. For this reason, on behalf of our Board of Directors, I am formally requesting that this assessment for garbage collection be waived.

Our resident manager, Ms. Edna Heath, will be sending you some accompanying documents that will define our legal status. We received a very helpful stipend from the Town of Chapel Hill a few years ago to help us recover some of our losses from hurricanes Fran and Floyd, and we remain grateful for that assistance.

If you should ever wish to visit our two sites, I would be delighted to show you around.

Sincerely,

George S. Lensing, President

RESIDENTIAL PROPERTIES MANAGEMENT, INC.

412 Fayetteville Street Mall, Raleigh, NC 27601

Telephone (919) 836-8888

Fax (919) 836-1224

September 22, 2003

Ms. Gail Jones
Exemption Program Director
Orange County Tax Office
200 South Cameron Street
P.O. Box 8181
Hillsborough, NC 27278

Re: Inter Church Council Housing Corp. #723084
Chapel Hill, NC

Dear Ms. Jones,

Enclosed is the Application For Property Tax Exemption for the above reference property as requested in your letters dated August 22, 2003 and September 16, 2003. I will fax this information and mail it also. Please change the mailing address for this property to P.O. Box 3692, Chapel Hill, NC 27515. I apologize for not submitting this in August, but we do not receive mail at the physical address on a regular basis.

I feel sure the enclosed information will provide you adequate documentation for Inter Church Council Housing Corp. to retain its tax exempt status.

Please contact me at the above address should you have questions.

Sincerely,



Shelia Jackson
RPA, Managing Agent for
Inter Church Council Housing Corp.

Enclosures

cc: Edna -In-Chu-Co

YEAR 2003

Form AV-10
(Rev. 6-97)

APPLICATION FOR PROPERTY TAX EXEMPTION

County Orange Town or City Chapel Hill

Owner 723084
INTER CHURCH COUNCIL
Address HOUSING CORP
112 N ELLIOT RD
CHAPEL HILL NC 27514

mailing address P.O. Box 3692
Chapel Hill, NC 27515
(State) (Zip Code)
Elliot Woods + Chase Park Apartments

1. Location of Property

INSTRUCTIONS

Under the provisions of G. S. 105-282.1 every owner of property claiming exemption or exclusion from property taxes must demonstrate that the property meets the statutory requirements for exemption or classification. Claims for exemption or exclusion must be filed with the Assessor of the county in which the property is located. (see reverse side) Claims for exemption should include all land and improvements and personal property situated thereon and complete information regarding its use.

The undersigned owner or authorized representative hereby petitions for exemption of the following described property:

2. Give complete description of property:
Land: Land located on Elliot Road + 1060 Hwy 54 Bypass - Low Income housing thru U.S. Dept of HUD built by Not For Profit Corporation
Improvements: NONE
Personal Property: Stoves + Refrigerators in each unit for resident use.

3. List and explain the purposes for which the property is used:
Land: 112 N. Elliot Road + 1060 Hwy 54 Bypass land used to build low income housing under US Dept of HUD's Section 236 of the National Housing Act.
Improvements: NONE
Personal Property: Stoves + Refrigerators used by qualified low to moderate income residents

4. If any organization other than the owner uses the property, give the name of the organization, full particulars regarding its use of the property and the amount of any income received for such use.
NONE

5. Give your estimate of the true value in money of the property: - Book value per 7/31/2003 audit
Land: \$ 141,610
Improvements: NONE Buildings \$ 1,390,581 } Accumulated Dep } \$ 494,440
Personal Property: \$ 124,417 } \$ 1,162,168

6. Upon what uses or purposes do you base this claim for exemption? Charitable (X); Religious (X); Educational ()
Literary (); Scientific (); Other Not for Profit Corporation

7. Give the specific statutory authority upon which this property is claimed as exempt:
NC General Statute 105-278.6(a)(8) (Historical documents enclosed)
(Full texts of all exemption and classification statutes are available at the office of the county Assessor.)

AFFIRMATION

Under penalties prescribed by law, I hereby affirm that to the best of my knowledge and belief, the statements and information in this application are true and correct, and are made for the purpose of exempting the property herein described from taxation.

September 22, 19 2003

Shelia H. Jackson
Signature of owner or authorized representative
Regional Property Accountant
Managing Agent for (919) 836-8888
Title Inter Church Council Housing Corp. Telephone No.

APPROVED YES NO

From the annual audit:

10

INTER-CHURCH COUNCIL HOUSING CORPORATION

HUD PROJECT NUMBER 053-44032-NP-SUP

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

Organization:

Inter-Church Council Housing Corporation was organized on September 27, 1971, as a not-for-profit corporation for the purpose of providing housing to low and moderate income families. The Corporation operates two apartment complexes in Chapel Hill, North Carolina, comprising 39 and 40 units, which are regulated as to rent charges and operating methods by the U.S. Department of Housing and Urban Development (HUD) under Section 236 of the National Housing Act, as amended. The Corporation has Housing Assistance Payment Contracts which provide monthly rental assistance to eligible families.

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from North Carolina franchise and income taxes under the General Statutes of North Carolina, Sections 105-125 and 105-130.11(a)(3).

Significant Accounting Policies:

The Corporation is required to report its information regarding its financial position and activities to three classes of net assets: unrestricted net assets, temporarily restricted net assets, or permanently restricted net assets. All net assets of the Corporation are unrestricted as of July 31, 2002. Furthermore, information is required to separate program service expenses from support expenses.

The accompanying financial statements include only those assets, liabilities, revenues, and expenses which relate to the business activities of the Corporation.

No provision has been made for federal and state income taxes since the Corporation has been granted tax exempt status.

Fixed assets are stated at cost. Expenditures for maintenance and repairs, which do not improve or extend the life of an asset, are charged to the expense as incurred. Major renewals and betterments are charged to the property accounts. Depreciation is provided using the straight-line method over the estimated useful lives of the assets ranging from five to forty years.

Deferred loan costs are being amortized by the straight-line method over the term of the mortgage.

§ 105-282.1 PROPERTY SUBJECT TO TAXATION § 105-282.1

- (1) No application required. — Owners of the following exempt or excluded property do not need to file an application for the exemption or exclusion to be entitled to receive it:
 - a. Property exempt from taxation under G.S. 105-278.1 or G.S. 105-278.2.
 - b. Special classes of property excluded from taxation under G.S. 105-275(15), (16), (26), (31), (32a), (33), (34), (37), (40), or (42).
 - c. Property classified for taxation at a reduced valuation under G.S. 105-277(g) or G.S. 105-277.9.
- (2) Single application required. — An owner of one or more of the following properties eligible to be exempted or excluded from taxation must file an application for exemption or exclusion to receive it. Once the application has been approved, the owner does not need to file an application in subsequent years unless new or additional property is acquired or improvements are added or removed, necessitating a change in the valuation of the property, or there is a change in the use of the property or the qualifications or eligibility of the taxpayer necessitating a review of the exemption or exclusion:
 - a. Property exempted from taxation under G.S. 105-278.3, 105-278.4, 105-278.5, 105-278.6, 105-278.7, or 105-278.8.
 - b. Special classes of property excluded from taxation under G.S. 105-275(3), (7), (8), (12), (17), (18), (19), (20), (21), (35), (36), (38), (39), or (41) or under G.S. 131A-21.
 - c. Special classes of property classified for taxation at a reduced valuation under G.S. 105-277(h), 105-277.1, 105-277.10, 105-277.13, 105-278.
 - d. Property owned by a nonprofit homeowners' association but where the value of the property is included in the appraisals of property owned by members of the association under G.S. 105-277.8.

(a1) Late Application. — Upon a showing of good cause by the applicant for failure to make a timely application, an application for exemption or exclusion filed after the close of the listing period may be approved by the Department of Revenue, the board of equalization and review, the board of county commissioners, or the governing body of a municipality, as appropriate. An untimely application for exemption or exclusion approved under this subsection applies only to property taxes levied by the county or municipality in the calendar year in which the untimely application is filed.

(b) Approval and Appeal Process. — The Department of Revenue or the assessor to whom an application for exemption or exclusion is submitted must review the application and either approve or deny the application. Approved applications shall be filed and made available to all taxing units in which the exempted or excluded property is situated. If the Department denies an application for exemption or exclusion, it shall notify the taxpayer, who may appeal the denial to the Property Tax Commission.

If an assessor denies an application for exemption or exclusion, the assessor must notify the owner of the decision and the owner may appeal the decision to the board of equalization and review or the board of county commissioners, as appropriate, and from the county board to the Property Tax Commission. If the notice of denial

Listing Properties Discovery Made Apr 1 10:00 AM ER Hurtado Utilities Collect Due Remedy

File

ORANGE COUNTY
HILLSBOROUGH
NORTH CAROLINA

FILE COPY

Established 1752

March 7, 1977

Mr. Curtis Crutchfield
P. O. Box 890
Durham, North Carolina

Dear Mr. Crutchfield:

This is to advise you that the Chase Park Apartments and the Elliott Woods Apartments, property of the Inter-Church Council Housing Corporation, remain exempt from ad valorem taxation for the 1977 tax year by virtue of the approved application for exemption under North Carolina General Statute 105-278.6 (a) (8) submitted by the Corporation for the 1976 tax year.

The Corporation is not required to apply for exemption annually as the exemption remains in force until additional property is acquired or improvements are added necessitating a change in the valuation of the property or there is a change in the use of the property, at which time a new application must be submitted (N.C.G.S. 105-282.1 (a) (3)).

Sincerely yours,

Bill Laws

Bill Laws
Tax Supervisor

HL/jcf

Received May 10, 1977 for ICCHC files. Original letter was requested by F.N.M.A., mortgagee, for their files.
R. Morris

above, if part of a property that otherwise meets the subsection's requirements is used for a purpose that would require exemption if the entire property were so used, the valuation of the part so used shall be exempted from taxation.

(c) The fact that a building or facility is incidentally available to and patronized by the general public, so long as there is no material amount of business or patronage with the general public, shall not defeat the exemption granted by this section.

(d) Personal property owned by a religious educational assembly, retreat, or similar organization shall be exempted from taxation if it is exclusively maintained and used in connection with real property granted exemption under the provisions of subsection (a) or (b), above. (1973, c. 695, s. 4.)

Editor's Note. — Session Laws 1973, c. 695, s. 21, makes the act effective Jan. 1, 1974.

§ 105-278.6. Real and personal property used for charitable purposes. —

(a) Real and personal property owned by:

- (1) A Young Men's Christian Association or similar organization;
- (2) A home for the aged, sick, or infirm;
- (3) An orphanage or similar home;
- (4) A Society for the Prevention of Cruelty to Animals;
- (5) A reformatory or correctional institution; or
- (6) A monastery, convent, or nunnery;
- (7) A nonprofit, life-saving, first aid, or rescue squad organization;

shall be exempted from taxation if:

- (1) As to real property, it is actually and exclusively occupied and used, and as to personal property, it is entirely and completely used, by the owner for charitable purposes; and
- (2) The owner is not organized or operated for profit.

(b) A charitable purpose within the meaning of this section is one that has humane and philanthropic objectives; it is an activity that benefits humanity or a significant rather than limited segment of the community without expectation of pecuniary profit or reward. The humane treatment of animals is also a charitable purpose.

(c) The fact that a building or facility is incidentally available to and patronized by the general public, so long as there is no material amount of business or patronage with the general public, shall not defeat the exemption granted by this section.

(d) Notwithstanding the exclusive-use requirements of this section, if part of a property that otherwise meets the section's requirements is used for a purpose that would require exemption under subsection (a), above, if the entire property were so used, the valuation of the part so used shall be exempted from taxation. (1973, c. 695, s. 4.)

Editor's Note. — Session Laws 1973, c. 695, s. 21, makes the act effective Jan. 1, 1974.

§ 105-278.7. Real and personal property used for educational, scientific, literary, or charitable purposes. — (a) Buildings, the land they actually occupy, and additional adjacent land necessary for the convenient use of any such building shall be exempted from taxation if wholly owned by an agency listed in subsection (c), below, and if:

- (1) Wholly and exclusively used by its owner for nonprofit educational, scientific, literary, or charitable purposes as defined in subsection (c), below; or
- (2) Occupied gratuitously by an agency listed in subsection (c), below, other than the owner, and wholly and exclusively used by the occupant for nonprofit educational, scientific, literary, or charitable purposes.

(b) Personal property owned by an agency listed in subsection (c), below, shall be exempted from taxation if:

- (1) Wholly and exclusively used for scientific, literary, or charitable purposes;
- (2) Gratuitously used by the possessor for purposes other than those listed in subsection (c), below.

(c) The following agencies, if organized and operated for a charitable purpose, may obtain property for use in connection with their purposes:

- (1) A charitable organization;
- (2) An historical society;
- (3) A veterans' organization;
- (4) A scientific organization;
- (5) A literary organization;
- (6) A benevolent organization;
- (7) A nonprofit organization.

(d) Notwithstanding the above, if part of a property that otherwise meets the above requirements is used for a purpose that would require exemption if the entire property were so used, the valuation of the part so used shall be exempted from taxation.

(e) The fact that a building or facility is incidentally available to and patronized by the general public, so long as there is no material amount of business or patronage with the general public, shall not defeat the exemption granted by this section.

(f) Within the meaning of this section, a charitable purpose is one that:

- (1) An educational activity that provides instruction, information, or training in the skills of individuals;
- (2) A scientific activity that is conducted through research or the development of the natural sciences;
- (3) A literary activity that includes drama, especially if it is for educational or charitable objectives;
- (4) A charitable activity that is conducted for a charitable purpose rather than for a pecuniary purpose.

Editor's Note. — Session Laws 1973, c. 695, s. 21, makes the act effective Jan. 1, 1974.

§ 105-278.8. Real and personal property used for educational, scientific, literary, or charitable purposes. — (a) Real and personal property owned by an agency listed in subsection (c), below, shall be exempted from taxation if actually and exclusively used for a purpose that would require exemption if the entire property were so used, the valuation of the part so used shall be exempted from taxation.

(b) Notwithstanding the above, if part of a property that otherwise meets the above requirements is used for a purpose that would require exemption if the entire property were so used, the valuation of the part so used shall be exempted from taxation.

(c) Within the meaning of this section, a charitable purpose is one that benefits the community without expectation of pecuniary profit or reward.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1975
RATIFIED BILL

CHAPTER 808

HOUSE BILL 329

AN ACT TO EXEMPT CERTAIN HOUSING FOR LOW AND MODERATE INCOME
FAMILIES AND DISPLACED FAMILIES FROM AD VALOREM TAXATION.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-278.6(a) is amended by adding a new
subdivision at the end thereof as follows:

"(8) A nonprofit organization providing housing for
individuals or families with low or moderate incomes."

Sec. 2. This act shall become effective on January 1,
1976.

In the General Assembly read three times and ratified,
this the 24th day of June, 1975.

05-278.6(a) Real and
personal property
owned by:
—
—
—
—
shall be exempted from

JAMES B. HUNT, JR.

James B. Hunt, Jr.

President of the Senate

JAMES C. GREEN, SR.

James C. Green, Sr.

Speaker of the House of Representatives

LIHDC

NOV 14 1975

EVERETT, EVERETT, CREECH & CRAVEN

ATTORNEYS AND COUNSELORS AT LAW

301 FIRST UNION NATIONAL BANK BUILDING

P. O. Box 586

DURHAM, NORTH CAROLINA 27702

919 / 682-5691

RALEIGH, N. C. OFFICE

SUITE ONE-SIR WALTER BLDG. 27602

919 / 828-0681

R. O. EVERETT (1878-1971)
KATHRINE R. EVERETT
ROBINSON O. EVERETT
WILLIAM A. CREECH
JAMES B. CRAVEN III
WILLIAM O. HANCOCK
DAILEY J. DERR

OF COUNSEL
FRANK U. FLETCHER

November 12, 1975

Walter L. Smith
Low Income Housing Development Corp. of N. C.
370C Chapel Hill Blvd.
Durham, N.C. 27707

Dear Bob:

I have examined the amendment to G.S. 105-278.6 which adds "non profit organizations providing housing for individuals or families with low or moderate incomes" to the list of organizations whose real and personal property is exempt from taxation. In my opinion this amendment exempts projects such as those which you have put together and which are currently owned by nonprofit corporations operating under IRC 501(c)(3).

My opinion is primarily based on the clear language of the statute. LIHDC obviously comes within the amendments coverage; furthermore, the purposes of LIHDC fall within the charitable purpose language of GC 105-278.6(b) to wit, one with humane and philanthropic objectives that benefits a significant rather than limited segment of the community without expectation of pecuniary profit or reward. In that the statute did not initially exempt organizations providing such housing, the history of the statute further supports my opinion.

Sincerely,


Robinson O. Everett

ROE/mch



Low Income Housing Development Corporation of North Carolina

3700 Chapel Hill Boulevard, Durham, North Carolina 27707

Walter L. Smith, Executive Director

(919) 493-2458

M E M O R A N D U M

TO: Board of Directors of LIHDC Nonprofit Rental Housing Projects
FROM: Walter L. Smith, Executive Director *W L Smith*
DATE: September 17, 1975
SUBJECT: Exemption From Local Ad Valorem Taxation

According to House Bill 329 Chapter 808 of the 1975 session of the General Assembly of North Carolina rental housing intended for low-income persons and families owned by a nonprofit entity such as yours is exempt from real estate and personal property taxation as of January 1, 1976.

We wish to call this to your attention because the reduction in operating costs achieved through this action may be of great help in meeting the increased utility bills now being incurred by projects such as yours.

/jva