

Putting a Face on the Property Tax Exemption Debate

Tim and Bill both have permanent disabilities and rely on services funded by the county human services system. They each receive SSI as their primary source of income and have a household income of about \$1800 a month.

Two years ago, the men rented a modest 2-bedroom apartment for \$1000 a month. Rent amounted to more than half their household income. This spring they faced another move because they could not afford the high rent—plus, the landlord would not renew the lease.

Their support team envisioned the kind of living situation that would work: space to accommodate Tim, Bill, and their support staff, affordable rent; and accessibility modifications for Bill's wheel chair. Tim and Bill found these qualities and more in a rental home purchased and rehabbed in response to their specific needs. Movin' Out, a non-profit rental housing provider, found a safe, affordable, permanent housing solution for Tim and Bill—and also provided measurable savings to the tax-funded county service system that supports them day to day. As a non-profit whose mission is finding permanent housing solutions for very low income people with disabilities, Movin' Out provides disability-sensitive property management and lease terms that will support long term tenancy.

Movin' Out financed the purchase through a local bank plus had the help of a deferred loan from the City of Madison Community Development office and a grant from the Federal Home Loan Bank.

Tim and Bill now pay a rent of \$690/month plus utilities, about 38% of their household income. Movin' Out budgets the entire rent revenue for maintenance and debt service.

To create an affordable rent, the budget for purchasing and maintaining this home assumed that a property tax exemption would be granted. Since Madison and other municipalities have routinely granted exemptions to properties used by non profits in this way, Movin' Out had every expectation that this necessary component of affordability would be in place. If the property tax exemption is not granted, the rent will increase by \$270 each month, making this new arrangement unaffordable to Tim and Bill, resulting in displacement and another, perhaps futile, search for an affordable rental.

Affordable rental for very low income people with disabilities requires multiple strategies and commitments from multiple private and public institutions. One key commitment is property tax exemption. Without this, affordable housing for Tim and Bill is not available. If Tim and Bill are displaced from their home, the state and county human service systems would have to provide them less desirable and more expensive shelter in a congregate facility that separates them from family, neighborhood and community.