

# TAX ALERT

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## Supportive housing exempt from Ohio real property tax

Certain property owners that provide housing and shelter to those with a mental illness or substance use disorder can now more clearly qualify for an Ohio real property tax exemption thanks to [Ohio Senate Bill 57](#), which goes into effect on July 26, 2021.

The new law reverses the Board of Tax Appeals (BTA) decision in [Columbus City Schools Dis. Bd. of Edn. v. McClain, et al.](#) in 2020, in which the BTA found that the use of the property primarily for private residential purposes could not be considered a charitable use. We are aware of similar properties qualifying for an exemption, thus, the new law is intended to be a reestablishment of the former understanding of the law.

To qualify for the property tax exemption, the owner of the property must:

1. Be a tax-exempt 501(c)(3) organization for which providing such housing is a primary purpose (or the property owner be a LLC or limited partnership whose controlling member or general partner either is such an organization or is wholly owned by one or more such organizations); and
2. At least one of such organizations must receive some funding from the Department of Mental Health and Addiction Services, a county board of alcohol, drug addiction and mental health services, or a local continuum of care (a regional or local planning body that coordinates housing and services funding for homeless families and qualifies for federal funding from the U.S. Department of Housing and Urban Development).

A property owner will get the exemption only if the property is:

- Actually used to provide housing to individuals diagnosed with a mental illness or substance use disorder and their families,
- Leased to such individuals, or
- Leased to charitable institutions helping such individuals.

The exemption for supportive housing applies to tax year 2021 and thereafter. The bill is remedial in nature, so when effective, it applies to all pending matters before the tax commissioner, the Board of Tax Appeals, any court of common pleas or court of appeal, or the Ohio Supreme Court.

For more information, contact [Mark Snider](#), [Sahir Rama](#) or any member of Porter Wright's [Tax](#) practice group.