



Affordable Housing Construction Excise Tax Frequently Asked Questions (FAQs)

Q: What is the Affordable Housing Construction Excise Tax?

A: Effective August 17, 2018, the City of Medford is collecting a tax on the value of building permits for residential, commercial, and industrial improvements to provide funding for affordable housing in the city of Medford. The Affordable Housing Construction Excise Tax (CET) was approved by Medford City Council on February 15, 2018.

Q: What does this tax pay for?

A: Residential tax pays for:

- Medford down payment assistance programs
- Programs and incentives to encourage construction of homes affordable to households with incomes at or below 80% of Medford's Area Median Income (AMI)

Commercial and Industrial tax pays for:

- Development and construction of housing affordable to households with incomes up to 120% AMI

Q: Who pays this tax? Am I exempt?

A: This tax applies to those requesting a building permit to construct a residential, commercial, or industrial improvement within Medford city limits. Exemptions are provided for the following:

- Improvements funded by Affordable Housing Construction Excise Tax proceeds or through the City's Community Development Block Grant program
- Private School improvements
- Public improvements
- Residential housing guaranteed to be affordable to households that earn no more than 80% of the Medford area median household income (AMI), for a period of at least 60 years following the date of construction of the housing
- Public or private hospital improvements
- Improvements to religious facilities primarily used for worship or education
- Agricultural buildings
- Certain not-for-profit facilities such as long-term care, residential care, and continuing care
- Residential housing guaranteed to be affordable up to 120% of the AMI for a period of at least 30 years following the date of construction of the housing

The above listed exemptions may be subject to associated statutory definitions and/or limitations.

Q: How much is this tax? How is the tax calculated?

A: The tax is calculated at one-third of one percent of the improvement value. For example, an improvement value of \$100,000 would result in a tax of \$333.33 ($\$100,000 \times .00333 = \333.33). The maximum tax on commercial or industrial building permits may not exceed \$50,000.

Q: When is this tax due?

A: The tax is due and paid at the time of issuance of the building permit.

Q: How do I apply for exemption?

A: To demonstrate a project is exempt from this tax, a Construction Excise Tax Exemption Application must be completed, signed, and submitted with your building permit application. Supporting documentation may be required prior to approval. This form can be found on the City [website](#).

Q: Who can I contact for assistance?

A: Sheila Giorgetti, Medford Planning Department

- Sheila.Giorgetti@cityofmedford.org
- 541-774-2398.