

CITY OF OAKLAND
OFFICE OF FINANCE
REVENUE DIVISION
DIRECTOR OF FINANCE RULING NO. 15
LIMITED EQUITY HOUSING COOPERATIVES

Reference: Section 5-1.52 and 5-1.59 of the Oakland Municipal Code.

Purpose

Provides for the classification and/or taxation of Limited Equity Housing Cooperatives.

BACKGROUND

The Business Tax provisions of the Oakland Municipal Code do not address the issue of classification and/or tax liability of Limited Equity Housing Cooperatives. Pursuant to the authority granted by the O.M.C., the Director of Finance herewith promulgates the following procedure for the classification and/or tax liability of Limited Equity Housing Cooperatives:

RULING OF THE DIRECTOR OF FINANCE

1. Definition – For purposes of this ruling, Limited Equity Housing Cooperative is herewith defined as:
 - (a) An organization that is formed for the mutual benefit of its members;
 - (b) The primary purpose of the organization shall be to provide low cost, affordable housing for said members; and
 - (c) The charter of bylaws places a limit or restriction on the distribution of any profit realized by the cooperative and/or its members that is directly related to the business activity of the cooperative.
2. If the organization has either a state or federal tax exempt determination letter, the organization is to be classified as a nonprofit organization within the meaning of Section 5-1.29 of the Oakland Municipal Code.
3. If an organization has neither a state nor a federal tax exempt determination letter, the organization shall be required to furnish the Business Tax Section documentation relating to the organization's activities and finances to be used to determine the proper classification of the organization.

4. Failure of the organization to provide the documentation required by item 2, above, within a reasonable time or 45 days of the date the request was made by the Business Tax Section, whichever is greater, will result in automatic denial of the exemption request for that year.