



TO: Board of County Commissioners

DEPARTMENT: County Administration/Community & Economic Development

PRESENTED BY: Jenna Cusimano, Community & Economic Development
Management Analyst
Katie Carroll, City of Springfield Housing Analyst
Nathan Bell, City of Springfield Finance Director

AGENDA ITEM TITLE: ORDER/RESOLUTION/In the Matter of an Order and Resolution
in Support of the City of Springfield's Housing Diversity Tax
Exemption Program

I. MOTION

Move to approve the order and resolution in support of the City of Springfield's Housing Diversity Tax Exemption program (HDTE).

II. AGENDA ITEM SUMMARY

The Springfield City Council adopted an ordinance on May 6, 2024 to establish an HDTE program. The program will become effective upon receipt of written support from a sufficient number of taxing districts whose combined levying authority exceeds 51%. The Board is being asked to approve an order and resolution in support of the Springfield HDTE program.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

Lane County staff from Community & Economic Development and Assessment & Taxation have been working with the City of Springfield to support their HDTE adoption process. The resulting program is similar in nature to both of the Multi-Unit Property Tax Exemption (MUPTE) programs the Board reviewed and approved for the cities of Cottage Grove (February 2020) and Florence (January 2022).

B. Policy Issues

No policy issues have been identified.

C. Board Goals

The Board of Commissioners adopted four strategic priorities in the Strategic Plan, and this item specific relates to the two priorities of Safe, Healthy County and Vibrant Communities by incentivizing the development of additional housing.

D. Financial and/or Resource Considerations

No significant financial and/or resource considerations have been identified at this time. While the HDTE program will result in lost tax revenue during the tax exemption period, staff believes the long-term benefits and need for housing outweigh the initial lost revenue.

E. Health Implications

There are no negative health implications associated with this item.

F. Analysis

This property tax exemption is enabled by ORS 307.600 to 307.637 and is generally known as the Multiple Unit Property Tax Exemption (MUPTE), although the City of Springfield is calling it the Housing Diversity Tax Exemption (HDTE). The HDTE program will provide 10-year tax exemptions for multiple-unit housing projects adding at least five new dwelling units and meeting other program requirements. Property owners whose projects are approved for the exemption will still be required to pay taxes on land, existing improvements, and new non-residential improvements which do not qualify for an exemption (new parking for residents and new ground floor commercial space found to be a public benefit may be exempt).

Springfield's 2011 Residential Land and Housing Needs Analysis estimated the city would need approximately 296 new dwelling units every year from 2010-2030 to accommodate Springfield's projected population growth. The Analysis estimated 40% of the housing demand would be for multiple-unit housing. In 2010, almost 17% of the City's housing units were multiple-unit; by 2022, multiple-unit housing made up just 16% of housing units.¹

The share of multiple-unit housing has not grown during the last decade and is not meeting the current or projected need. Springfield has a rental vacancy rate of just 1.6%.² A healthy rental vacancy rate is generally considered to be around 5%. A low supply of housing drives up prices and makes it more difficult for people to move to and remain in the community. Supporting the addition of new multiple-unit housing can help add to the overall supply of housing and provide more options for community members to find housing at a price and type that meets their

¹ U.S. Census American Community Survey (ACS) 5-year estimates, multiple-unit includes 5+ unit structures.

² U.S. Census ACS 5-year estimates (2022).

needs.

To incentivize development of more housing units and greater variety in housing type, the Springfield City Council adopted Ordinance No. 6476 on May 6, 2024 to establish the HDTE program. The program will begin once the City receives sufficient support from other impacted taxing districts such that, when added with the City's levy, the combined rates total at least 51% of the combined rate of all taxing districts.

The City of Springfield has presented on the HDTE to the Boards of the Willamalane Park and Recreation District, the Eugene 4J School District, and the Springfield 19 School District. As of the date of this packet, the Eugene 4J School Board has passed a resolution of support. The Springfield School Board also approved a resolution of support on June 10th. The Willamalane Board will receive an update on the HDTE during its June 12th meeting and will vote on a resolution of support at its July 10th meeting. The City of Springfield previously reached out to staff at Lane Community College (LCC), Lane Education and Service District (LESD), and the Upper Willamette Soil and Water Conservation District (UWSWCD) and did not receive a response. Staff has mailed letters requesting support for the HDTE program to the Boards of these taxing districts, as well as emailed their administrators.

G. Alternatives/Options

The Board has the following options:

- A. Approve the order and resolution.
- B. Request further discussion of the item.
- C. Deny the request.

IV. RECOMMENDATION

Staff recommends the Board approve the order and resolution in support in support of the City of Springfield's Housing Diversity Tax Exemption program to further multiple unit housing development.

V. TIMING/IMPLEMENTATION

The City of Springfield will begin accepting applications for the HDTE program after the City receives sufficient support from other impacted taxing districts such that, when added with the City's levy, the combined rates total at least 51% of the combined rate of all taxing districts. City staff have spoken to developers who are interested in the program but are not currently aware of any upcoming projects that may seek this exemption.

VI. FOLLOW-UP

No follow-up is necessary for this item.

VII. ATTACHMENTS

- A. City of Springfield HDTE Request
- B. City of Springfield Housing Strategy and Snapshot
- C. City of Springfield HDTE Ordinance
- D. City of Springfield HDTE Program Guidelines

BEFORE THE BOARD OF COMMISSIONERS OF LANE COUNTY, OREGON

ORDER AND RESOLUTION NO: 24-06-25-03	IN THE MATTER OF APPROVING AN ORDER AND RESOLUTION IN SUPPORT OF THE CITY OF SPRINGFIELD'S HOUSING DIVERSITY TAX EXEMPTION PROGRAM
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WHEREAS, the State of Oregon Statutes ORS 307.600 through 307.637 authorizes cities to establish and design programs to attract new development of multi-unit housing in eligible areas by means of a local property tax exemption; and

WHEREAS, the City of Springfield has a shortage of housing that is affordable and accessible to households of various incomes and sizes; and

WHEREAS, the Springfield City Council has found it in the public interest to adopt a multiple-unit property tax exemption as part of the City's Housing Strategy to help address the need for more diverse housing in Springfield; and

WHEREAS, the Springfield City Council adopted Ordinance 6476, which adopts Springfield Municipal Code (SMC) sections 3.550 through 3.558, establishing an ad valorem real property tax exemption program pursuant to ORS 307.600 through 307.637; and

WHEREAS, pursuant to ORS 307.606(1) the tax exemption adopted in Ordinance 6476 only applies to the tax levy of the City of Springfield, except that the exemption shall apply to the ad valorem property taxes of all taxing districts when the rates of ad valorem taxation of taxing districts whose governing boards adopt a resolution in support of the program, when combined with the rate of taxation of the City, equals 51 percent or more of the total combined rate of taxation levied on the property which is tax exempt under the provisions of Ordinance 6476; and

WHEREAS, Lane County Board concurrence with the tax exemption will help reach the 51 percent total combined tax rate of taxation levied as required by ORS 307.606(1).

NOW, THEREFORE, the Board of County Commissioners of Lane County **ORDERS and RESOLVES** as follows:

1. That Lane County is in support of the City of Springfield policy of providing tax exemptions for multiple unit housing as provided in Ordinance 6476.
2. That a copy of this order and resolution will be sent by the Lane County Board of Commissioners to the City of Springfield.

ADOPTED this 25th day of June, 2024.

Laurie Triege, Chair
Lane County Board of Commissioners

CITY OF SPRINGFIELD, OREGON



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 SPRINGFIELD, OR 97477
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 FAX: 541.741.2763
www.springfield-or.gov

May 9, 2024

RE: Springfield Housing Diversity Property Tax Exemption

Dear Lane County Board of County Commissioners,

The Springfield City Council has identified housing as a key community need. A low supply of housing in the community has driven up prices and makes it difficult for people to move to and remain in our community. Over 40% of Springfield renters are cost-burdened (paying more than 30% of their income on housing), and the rental vacancy rate is just 1.6%.¹ A 5% rental vacancy rate is typically considered healthy or balanced. These statistics indicate the impact that a shortage of housing has on our community.

To address this issue, the City Council created a Housing Strategy (see attachment) to incentivize the creation of housing at all price points. One strategy the City Council identified to address Springfield's need for more multiple-unit housing, is implementation of the state-enabled multiple-unit property tax exemption (codified at ORS 307.600-637). This tool will help make it more feasible for developers to build needed housing for Springfield residents, especially in this challenging market with limited housing options.

The Springfield City Council adopted the Oregon multiple-unit property tax exemption as the **Housing Diversity Tax Exemption (HDTE) Program** on May 6, 2024, which will exempt qualifying residential property owners from paying some ad valorem real property taxes for ten years. The tax exemption applies to new residential improvements, new parking for residents, and new commercial space in a mixed-use building when it's determined to be a public benefit. Existing improvements, other new improvements, and land will continue to be taxed.

The program's tax exemption will only apply to the tax levy of Springfield unless the City receives support from the governing bodies of other impacted taxing districts such that their combined rates total at least 51% of the combined rate of all taxing districts. **The City Council is asking the Board of County Commissioners to support this program by allowing the Housing Diversity Tax Exemption to also apply to Lane County's tax levy. To support the exemption, Lane County's governing body must approve by resolution the policy of providing tax exemptions for multiple-unit housing as provided in City of Springfield Ordinance No. 6476.**

¹ U.S. Dept. of Housing and Urban Development, CHAS Data (2016-2020); U.S. Census, American Community Survey 5-year (2022).

In order to qualify for a tax exemption, a project must add at least five new dwelling units through addition, conversion, or new construction. All projects must also provide a public benefit to the community. Only projects located within designated areas of Springfield are eligible to apply for the tax exemption. The exemption is intended to spur development that would not otherwise happen. If a project doesn't get built, taxing districts lose out on the revenue that project would generate over its lifetime once its exemption period ends. While exempting taxes has the potential to decrease revenue in the short-term in some circumstances, incentivizing new housing development has significant potential to generate new revenue in the long-term by adding valuable improvements to the tax rolls.

City Council recognizes this property tax exemption program is one tool that could help make more housing developments pencil in our community. Please consider supporting the City's efforts to bring needed housing to Springfield.

City staff is available to provide additional information and/or to come to a board meeting to answer questions. The City appreciates your partnership and consideration of this request to support the Housing Diversity Tax Exemption.

Sincerely,



Nancy Newton
City Manager

Staff Contact for Questions and Next Steps:

Katie Carroll, Housing Analyst
City of Springfield
kcarroll@springfield-or.gov
541-726-3660

Attachments:

- City of Springfield Housing Strategy
- Springfield Ordinance No. 6476
- Springfield Resolution No. 2024-11

Springfield Housing Strategy

Attachment B

UPDATE
FALL
2023

In 2016, the **Springfield City Council** directed staff to evaluate housing needs and to build on strategies to both increase the supply of housing and the accessibility of housing across the housing continuum. The result is the **Springfield Housing Strategy**, which includes the actions the City is taking to address the community's housing needs.

We want Springfield to be a welcoming community for all people in every phase of life, whether it's just starting out with a new family or downsizing to a smaller home.

Sheltering

Allow for temporary sheltering options.

Overnight Parking Program

Allow religious and social institutions and industrial sites to host up to 3 vehicles, campers, or trailers. Provide City general funds to support non-profits running the parking program. **STATUS: ONGOING**

RVs as Temporary Housing

Temporarily allow RVs to be occupied on private property to address regional shortage of affordable temporary housing options. **STATUS: ONGOING**

Shelter Sites

Process emergency shelter site requests from local agencies. **STATUS: ONGOING**

Affordable Housing Development

Incentivize and fund development of income-qualified housing.

Income-Qualified Affordable Housing Development

Award federal HOME funds and other one-time funds toward new Affordable Housing projects. **STATUS: ONGOING**

Springfield Land Acquisition Program

Identify land suitable for Affordable Housing development and use federal funds to acquire or help developers acquire land. **STATUS: ONGOING**

Development Fee Waiver for Non-profit Affordable Housing Providers

Waive development fees for homeownership and rental Affordable Housing developed by non-profits. **STATUS: ONGOING**

Low-Income Rental Housing Property Tax Exemption

Allow property taxes to be exempted for 20 years for income-qualified rental housing. **STATUS: ONGOING**

SDC Waiver for Homeownership

Waive system development charges (SDCs) for housing that is sold affordably to low-income homebuyers. **STATUS: WAIVED THROUGH 2025**

Renter Assistance

Provide assistance to support low-income renters in Springfield.

Springfield Eugene Tenants Association (SETA)

Award one-time CDBG coronavirus relief funds to SETA to support their tenant hotline to assist, educate, and empower renters on housing rights issues. **STATUS: FUNDED FOR 2024**

Home Ownership Assistance

Provide assistance to prospective and current low-income homeowners.

Home Repair Program

Provide up to \$10,000 over 5 years in financial assistance with CDBG funds (as a grant) to help very low-income homeowners with home repairs that address health, safety, or accessibility needs. **STATUS: ONGOING**

Springfield Home Ownership Program

Partner with DevNW to provide up to \$25,000 in financial assistance with CDBG funds (as an interest-free loan) to help first-time low-income homebuyers purchase a home. **STATUS: ONGOING**

Housing Diversity & Production

Increase the supply and diversity of housing at all levels.

Springfield Development Code Update

Updated Development Code to support efficient, timely, clear development review. Implement State middle housing laws to allow more diverse housing types in residential zones. **STATUS: COMPLETED**

SDC Waiver for ADUs

Waive system development charges (SDCs) for Accessory Dwelling Units (ADUs). **STATUS: WAIVED THROUGH JUNE 2027**

Housing Diversity Tax Exemption

Consider multi-year waiver of property taxes for multiple unit housing to incentivize development in some areas of Springfield. **STATUS: IN PROGRESS**

Springfield Housing Snapshot UPDATE FALL 2023

What is housing affordability?

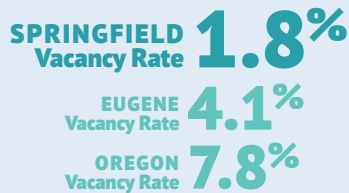
Housing is considered affordable if a household spends less than 30% of its gross income on housing-related costs, including utilities.⁴ Housing affordability is a term applicable to **households at a range of incomes**.

How is that different from Affordable Housing?

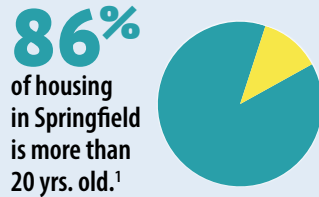
Affordable Housing is housing priced so that a **household at or below the median income** pays no more than 30% of its total gross income on housing and utilities.⁹

Springfield's housing market

Housing is **hard to find** in Springfield, due to a very low vacancy rate.¹



Springfield's **housing inventory** is aging.



Springfield needs an estimated **8,258 new housing units** over the next **2 decades** to address **existing** underproduction and **projected future need**.²

The **average home sale price** in Springfield has increased.³

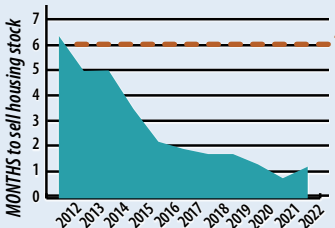
Year	Average home sale price
2022	\$434,900
2021	\$382,400
2020	\$334,800
2019	\$287,300
2018	\$268,300

Fair Market Rent in Springfield:⁴

Year	1-Bedroom	2-Bedroom
2023	\$1,025	\$1,349
2022	\$958	\$1,254
2021	\$917	\$1,201

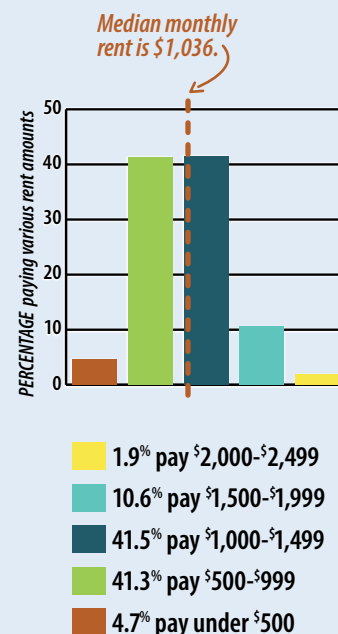
Inventory for home sales is low in Lane County.³

Less than 6 months is a sellers market.



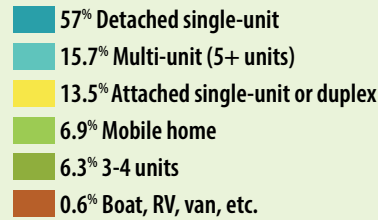
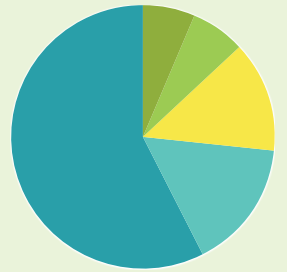
Inventory is based on how long it would take to sell the entire stock of homes at the current sales pace.

Gross monthly rent paid in Springfield in 2021.¹

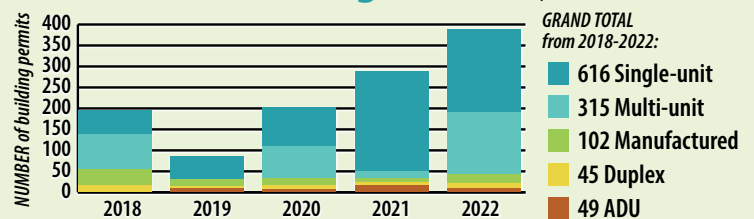


Housing mix & development

Springfield's housing mix¹



The City issued **building permits** for **1,127 new dwellings** over the last 5 years.⁵



Income & affordability

Springfield overall **POVERTY** Rate **16%**¹

Poverty among Springfield's **RENTERS** **19.9%**¹

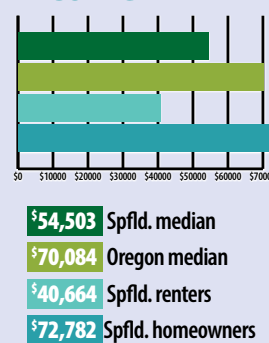
Poverty among Springfield's **HOMEOWNERS** **5.3%**¹

Springfield **UNHOUSED** residents **1,014 people**⁶ *At some point in 2022.*

TENANT-BASED VOUCHERS in Springfield **994 households**⁷

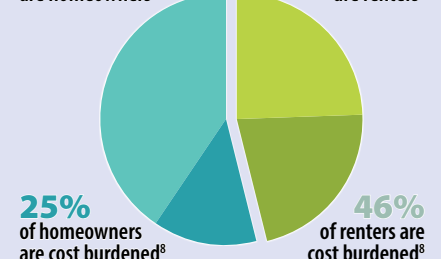
WAIT LIST for **HOUSING CHOICE VOUCHERS** **3,094 households**⁷ in Lane County

Median household income¹



Springfield households

53.5% are homeowners¹



25% of homeowners are cost burdened⁸

46% of renters are cost burdened⁸

Households are **cost burdened** if they pay 30% or more of income on housing.

SOURCES: ¹ US Census ACS 5-year (2021), ² EcoNW for OHCS (2021), ³ RMLS, ⁴ HUD, ⁵ City of Springfield (2023), ⁶ Lane County (2022), ⁷ Homes for Good (Aug. 2023), ⁸ CHAS (2015-2019), ⁹ Eugene-Springfield Metro Plan.



COMMUNITY DEVELOPMENT DIVISION | Development & Public Works Dept.
 City of Springfield, Oregon | bit.ly/spfldhousing

SPRINGFIELDOR @CITYOFSPRINGFIELDOREGON
 SPFLDOREGON CITY-OF-SPRINGFIELD

**CITY OF SPRINGFIELD, OREGON
ORDINANCE NO. 6476 (GENERAL)**

AN ORDINANCE ADOPTING SPRINGFIELD MUNICIPAL CODE SECTIONS 3.550 THROUGH 3.558 TO ENACT A PROPERTY TAX EXEMPTION FOR MULTIPLE-UNIT HOUSING TO INCREASE HOUSING DIVERSITY, ADOPTING A SEVERABILITY CLAUSE, AND PROVIDING AN EFFECTIVE DATE

WHEREAS, Springfield has a shortage of housing that is affordable and accessible to households of various incomes and sizes;

WHEREAS, the 2011 Residential Land and Housing Needs Analysis for the City of Springfield estimated that about 40 percent of new housing units needed to accommodate Springfield's projected population growth from 2010 to 2030 would be multiple-unit housing;

WHEREAS, a 2018 report titled "Spurring multifamily housing development in Springfield, Oregon" prepared by LOCUS: Responsible Real Estate Developers and Investors found that only one multiple-unit housing project had been built in Springfield during the period from 2008 to 2018, and recommended that the City institute a multiple-unit property tax exemption to address barriers to the development of multiple-unit housing;

WHEREAS, in the past five years, more multiple-unit housing projects have been proposed and completed in Springfield than in the previous decade;

WHEREAS, according to the U.S. Census Bureau's American Community Survey 5-year data, the share of housing in Springfield that is multiple-unit housing (5 or more units) has not increased during the last decade, and as of 2022 made up only 16 percent of the city's housing units;

WHEREAS, new multiple-unit housing built in Springfield during the last decade has not kept pace with the estimated need outlined in the 2011 Residential Land and Housing Needs Analysis, resulting in a lack of housing diversity in Springfield;

WHEREAS, despite the incremental progress of past five years toward meeting Springfield's multiple-unit housing needs, a changing market context, including high interest rates, high construction costs, and high land costs has made development more difficult without financial incentives such as tax exemptions;

WHEREAS, the Common Council has approved a Housing Strategy that identifies and implements various initiatives to help address the City's unmet housing needs, including the need for greater housing diversity;

WHEREAS, ORS 307.600 through 307.637 enables cities to establish a program exempting multiple-unit housing meeting specified requirements from ad valorem real property taxes for up to ten years;

WHEREAS, the Common Council finds it in the public interest to adopt the multiple-unit property tax exemption as part of the City's Housing Strategy to help the address the need for more multiple-unit

housing, particularly in core areas of the City and areas close to transit, in order to diversify the housing stock and increase the accessibility of housing;

WHEREAS, the Springfield City Council held a public hearing on March 4, 2024 in accordance with the requirements of ORS 307.606(3), and has determined that multiple-unit housing meeting the specifications of this ordinance as outlined in Exhibit A would not be built without the benefits provided by the multiple-unit tax exemption;

NOW, THEREFORE, THE COMMON COUNCIL OF THE CITY OF SPRINGFIELD ORDAINS AS FOLLOWS:

Section 1. Springfield Municipal Code sections 3.550 through 3.558 are hereby adopted as provided in Exhibit A, which is attached hereto and incorporated herein by reference.

Section 2. The tax exemption adopted in this Ordinance only applies to the tax levy of the City of Springfield, except that the exemption shall apply to the ad valorem property taxes of all taxing districts when the rates of ad valorem taxation of taxing districts whose governing boards adopt a resolution as provided in Section 3 herein, when combined with the rate of taxation of the City, equals 51 percent or more of the total combined rate of taxation levied on the property which is tax exempt under the provisions of this Ordinance.

Section 3. The Common Council hereby directs and authorizes the City Manager to request all other taxing districts whose boundaries include the property designated for tax exemption under this Ordinance, to approve by resolution of the taxing district's governing body the policy of providing tax exemptions for multiple-unit housing as provided herein.

Section 4. Severability Clause. If any section, subsection, sentence, clause, phrase or portion of this Ordinance is, for any reason, held invalid or unconstitutional by a court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portion hereof.

Section 5. Effective Date. This ordinance shall become effective 30 days from the date of passage by City Council and approval by the Mayor.

ADOPTED by the Common Council of the City of Springfield this 6th day of May, 2024, by a vote of 6 for and 0 against.

APPROVED by the Mayor of the City of Springfield this 6th day of May, 2024



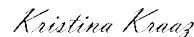
Mayor

ATTEST:



City Recorder

REVIEWED & APPROVED
AS TO FORM



DATE: 5/6/2024
SPRINGFIELD CITY ATTORNEY'S OFFICE

CHAPTER 3 Public Improvements

HOUSING DIVERSITY TAX EXEMPTION

3.550 Housing Diversity Tax Exemption (HDTE) – State Statutes Adopted

The provisions of the Multiple Unit Property Tax Exemption (MUPTE) in ORS 307.600 through 307.637 are hereby adopted to stimulate the creation of multiple-unit housing through new construction, addition, or conversion in core and transit-supported areas of the City as designated in these sections 3.550 through 3.558.

3.552 Definitions

For the purposes of the Housing Diversity Tax Exemption code in sections 3.550 through 3.558, the following definitions apply. Where the definitions in this section conflict with a definition provided in ORS 307.603, the definition in this section will prevail. Unless specifically defined below or in ORS 307.603, words or phrases used in the Housing Diversity Tax Exemption code must be interpreted so as to give them the meaning they have in common usage.

Approval Authority. The individual or public body with authority to make a final decision on an application under the provisions of sections 3.550 through 3.558 of this code and the Program Guidelines: specifically, the City Manager or Council.

Multiple-Unit Housing. Newly constructed structures, stories, or other additions to existing structures and structures converted in whole or in part from other use to housing, where the structure has a minimum of five new dwelling units, excluding cottage clusters.

Program Guidelines. The standards and guidelines for this program as adopted by resolution of the Council.

Project. The proposed construction, addition, or conversion of multiple-unit housing for which applicant is applying for a tax exemption under this section.

Transient Lodging. As defined in section 7.700 of this code.

3.554 Application Criteria

(1) The Approval Authority may approve an application under this section if it finds that the project meets the following criteria:

- (a) The applicant has attended a pre-application meeting;
- (b) The applicant has site control at time of application;
- (c) The project is for multiple-unit housing that will add a minimum of five new dwelling units;
- (d) The project will be located within an eligible program area as shown in Figures 1 through 5 of this section;
- (e) The project will include public benefits that comply with the requirements of the program guidelines;
- (f) The project will be completed on or before the date specified in ORS 307.637;
- (g) At completion, project will conform to the requirements of the Springfield Comprehensive Plan, any applicable refinement plans or functional plans, and the Springfield Development Code, in effect at the time the application under this section is approved;
- (h) The project cannot be designed or used as transient lodging; and

Figure 3

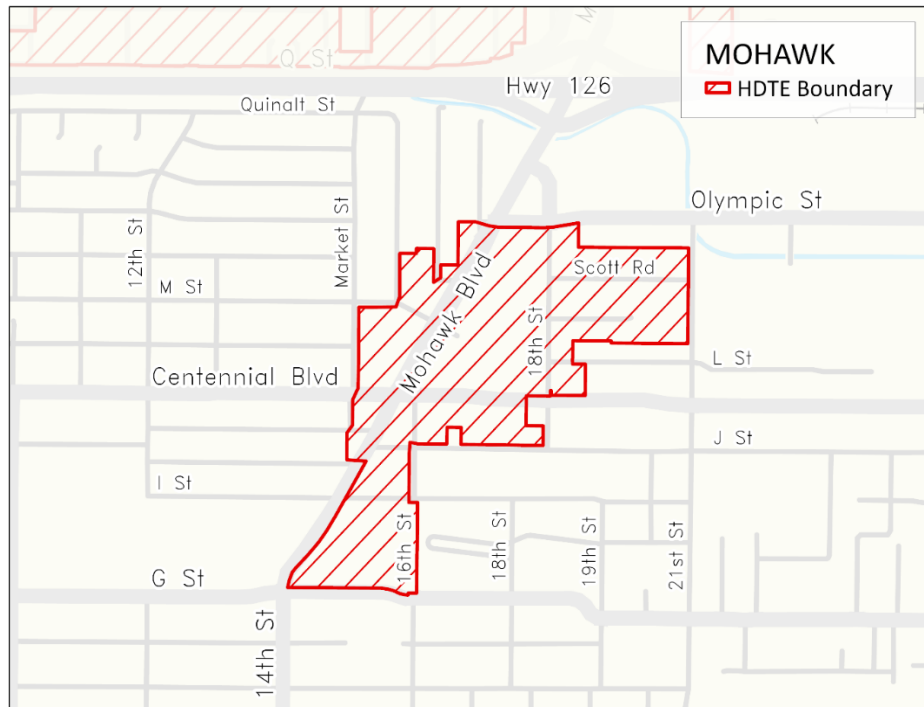


Figure 4

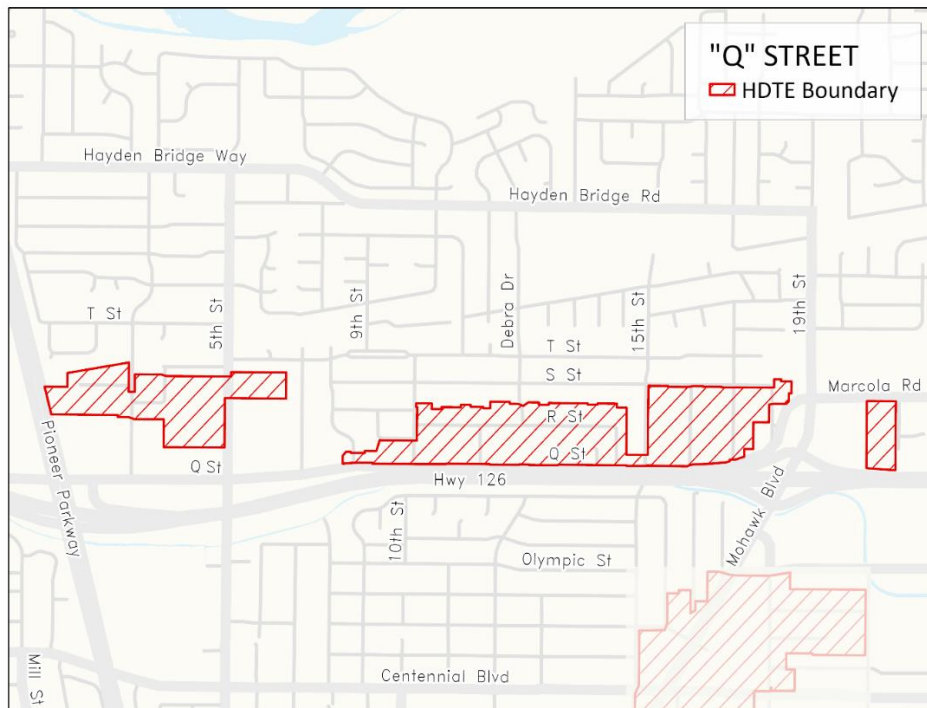


Figure 5



3.556 Application Review

- (1) Prior to submission of an application, the applicant must attend a pre-application meeting.
- (2) Applications must be submitted to the City Manager or designee as provided in ORS 307.615 and the program guidelines, on a form prescribed by the City Manager or designee. Complete applications must be submitted by February 1 immediately preceding the first assessment year for which the exemption is requested and must be accompanied by the application fee as established by Council resolution. Applications will not be considered complete until all required information and the application fee have been received.
- (3) The Approval Authority will review a complete application and make a final decision to approve, approve with conditions, or deny the application. An application not acted upon within 180 days of the date the complete application was received by the City will be deemed approved.
- (4) Following approval or denial of an application, the City will provide notice to the applicant and Lane County Assessor as provided in ORS 307.621.

3.558 Exemption

- (1) Multiple-unit housing that is granted an exemption under sections 3.550 through 3.558 and ORS 307.600 through 307.637 will be exempt from ad valorem taxation for 10 successive years. The first year of exemption is the assessment year beginning January 1 immediately following the calendar year in which construction, addition, or conversion is completed, as determined by that stage in the construction process when, pursuant to ORS 307.330, the improvement would have gone on the tax rolls in the absence of the exemption.

(2) The exemption does not include the land or any improvements which are not part of the multiple-unit housing included in the project, except as specifically allowed herein. In the case of a structure to which stories or other improvements are added or a structure is converted in whole or in part from another use to dwelling units, only the increase in value attributable to the addition of or conversion to dwelling units for the project may be exempt from taxation. The exemption includes parking constructed for the multiple-unit housing construction, addition or conversion. The exemption includes commercial property to the extent that the commercial property is determined to be a public benefit element of a multiple-unit housing construction, addition, or conversion by the Approval Authority. Exemptions run with the property and will continue if the property is sold during its exemption period.

(3) At any time, the Council may, by resolution, set a limit on the maximum amount of foregone tax revenue provided as a benefit of the exemption under this section. Provided, however, the maximum amount of foregone tax revenue shall not apply to any decrease or limit the amount of any exemption that was approved before the date a resolution is adopted under this subsection. The authority provided under this subsection includes the authority to adopt a resolution at any time to amend or repeal a limit on the maximum amount of foregone tax revenue previously adopted under this subsection.

CITY OF SPRINGFIELD, OREGON
RESOLUTION NO. 2024-11

**A RESOLUTION ADOPTING PROGRAM GUIDELINES FOR THE HOUSING DIVERSITY TAX
EXEMPTION TO IMPLEMENT SPRINGFIELD MUNICIPAL CODE SECTIONS 3.550 THROUGH
3.558**

WHEREAS, the City of Springfield has a shortage of housing that is affordable and accessible to households of various incomes and sizes;

WHEREAS, the City of Springfield has developed a Housing Strategy that identifies and implements initiatives to help address the City's unmet housing needs, including the need for more housing diversity;

WHEREAS, ORS 307.600 through 307.637 enables cities to establish a program exempting multiple-unit housing meeting specified requirements from ad valorem real property taxes for up to ten years;

WHEREAS, the Common Council has found it in the public interest to adopt a multiple-unit property tax exemption as part of the City's Housing Strategy to help address the need for more diverse housing in Springfield;

WHEREAS, the Springfield City Council adopted Ordinance 6476, which adopts Springfield Municipal Code (SMC) sections 3.550 through 3.558, establishing an ad valorem real property tax exemption program pursuant to ORS 307.600 through 307.637;

WHEREAS, ORS 307.606(4) requires that prior to accepting applications for exemptions under the program, the City must promulgate standards and guidelines to use in reviewing and granting approvals of applications, and SMC 3.552 provides for these Program Guidelines to be adopted by Resolution of the Common Council; and

WHEREAS, the Program Guidelines, attached as Exhibit A and incorporated herein by reference, provide the process to be followed by the City in reviewing and granting tax exemptions for multiple-unit housing under this program,

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF SPRINGFIELD:

Section 1: The Program Guidelines for processing applications for the Housing Diversity Tax Exemption, attached as Exhibit A hereto, are approved and adopted as the procedures to be followed in considering applications for exemption, and the policy contained therein is declared to be the policy of the City of Springfield governing the basic requirements for the program.

Section 2: This Resolution will take effect upon the effective date of Ordinance 6476, An Ordinance Adopting Springfield Municipal Code Sections 3.550 through 3.558 to Enact a Property Tax Exemption For Multiple-unit Housing to Increase Housing Diversity, Adopting a Severability Clause, and Providing an Effective Date.

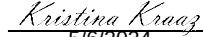
ADOPTED by the Common Council of the City of Springfield this 6th day of May, 2024,
by a vote of 6 for and 0 against.

ATTEST:



City Recorder

REVIEWED & APPROVED
AS TO FORM



DATE: 5/6/2024
SPRINGFIELD CITY ATTORNEY'S OFFICE

Housing Diversity Tax Exemption - City of Springfield

Program Guidelines

The following standards and guidelines expand on program requirements articulated in the Springfield Municipal Code (SMC) sections 3.550-3.558, and in ORS 307.600-637. Prospective applicants should review both the code requirements and these guidelines before applying.

Purpose

Property tax exemptions are one tool available to incentivize an increase to the supply and diversity of housing. The Housing Diversity Tax Exemption (HDTE) program adopts the Oregon Multiple Unit Property Tax Exemption (MUPTE) for approved housing projects in designated areas of Springfield. The program, enabled by state law, encourages development of new multiple-unit housing in transit-supported and core areas of Springfield by reducing the operating costs for qualified projects during their first several years of operation. Housing made available for rental or sale of individual units is eligible for the exemption. Applicants intending to build multiple-unit low-income rental housing projects may be better served by the Low Income Rental Housing Property Tax Exemption (see SMC 3.500 through 3.508).

Exemption

Applicants building multiple-unit housing that meets the definition in SMC 3.552 can apply to receive an exemption of property taxes for a period of ten (10) successive years on new residential improvements if program requirements are met.

Onsite parking improvements are exempted if:

- (i) The parking is constructed at the same time as the multiple-unit housing construction, addition, or conversion; and
- (ii) The parking will be for residents of the multiple-unit housing.

Parking that pre-dates the multiple-unit housing project or parking that is exclusively for commercial tenants and patrons is not exempt. The applicant must demonstrate that the parking will be available to residents. For example, the application may include a parking management plan, a site plan showing location of resident parking and any associated signage, or an operating plan detailing leasing of parking spaces to residents of the multiple-unit housing.

Ground floor commercial uses fronting on either side of Main Street between 38th Street and Bob Straub Parkway are exempt if they meet the public benefit requirement for Commercial Space listed under OPTION 1 of these program guidelines.

Ground floor commercial uses within a mixed-use building with at least five dwelling units are exempt if determined to be a public benefit by the Approval Authority under OPTION 3 of these program guidelines.

Eligibility Criteria

To be eligible for the exemption, applicants must meet the following minimum criteria:



- Applicant has attended a pre-application meeting
- Applicant controls (owns or has proof of future ownership) of project site at time of application
- The project site is within the city limits
- Project will add a minimum of five new dwelling units and meet the definition of “Multiple-Unit Housing” in SMC section 3.552
- Project site is located within an eligible program area as shown in SMC section 3.554
- Project will provide public benefits as outlined in these program guidelines
- The construction of the project for which the exemption is sought will be completed on or before the date specified in ORS 307.637
- At completion, the project will conform to the requirements of the Springfield Comprehensive Plan, any applicable refinement plans or functional plans, and the Springfield Development Code, in effect at the time the application for this tax exemption is approved
- Project must comply with the Springfield Development Code and not rely on any type of statutory exemption or exception
- Applicants receiving system development charge (SDC) payment assistance from the Springfield Economic Development Agency (SEDA) are not eligible for the tax exemption unless the project will have a height of four or more stories upon completion (includes projects that have ground-floor commercial)
- Projects on properties abutting Main Street between 38th Street and Bob Straub Parkway may not include any ground floor residential in buildings fronting Main Street.
- Projects granted the exemption cannot be designed or used as transient lodging, including but not limited to hotels, motels, Airbnbs, VRBOs, and Short Term Rentals
- **Projects for which the applicant has already applied for a building permit are not eligible for the exemption**

Application

A complete application must be filed on or before February 1 for consideration of an exemption beginning July 1 of the following assessment year. Any application which does not contain all required information and/or the required fee shall be returned and considered not filed. The City reserves the right to request additional materials from the applicant during its review.

At a minimum, the application must contain:

- Explanation of why the applicant is requesting the exemption
- Preliminary site plans showing major features, including public benefits, as applicable
- Legal description of the property
- Proof of ownership/site control
- Project design elements and planned façade materials
- Description of existing use of the property
- Justification of the elimination of any existing sound or rehabilitable housing or businesses on the project site



- Proposed number of housing units, including a breakdown of the number of units by unit size
- Description and preliminary proof of the public benefits to be provided
- Description of parking and preliminary proof that parking will be available to residents of the multiple-unit housing if applicant is seeking to include in exemption

An application fee will be charged at the time of application and should be made payable to the City of Springfield. Application fees cover the City's costs for processing the application. If an application is denied, the City will not refund the fee. The Lane County Assessor will collect a separate fee for approved applications to cover its costs for processing the tax exemption.

Review Process

1. Before submitting an application, the applicant must attend a pre-application meeting to discuss their plans for meeting the requirements of the program, including provision of public benefits.
2. A complete application must be submitted by February 1 immediately preceding the first assessment year for which the exemption is requested. Applications are accepted on a rolling basis, but applicants are encouraged to coordinate timing with the project's development applications. Applicants should bear in mind the Lane County Assessor's assessment date when determining application timing. Tax exemptions will not begin until a project is complete and assessed at its completed value. Applicants may wish to consult with the Lane County Assessor for additional information.
3. The City Manager or designee will be the Approval Authority for applications applying for approval under public benefit **OPTION 1 or OPTION 2** and will rule on the application within one hundred and eighty days (180) of the City's receipt of a complete application. Review may require a follow-up meeting with the applicant to clarify or request additional application materials.

The Council will be the Approval Authority for applications applying for approval under public benefit **OPTION 3**. The City Manager or designee will review applications applying for approval under public benefit **OPTION 3** and forward a recommendation to the Council to approve, approve with conditions, or deny the application. Review may require a follow-up meeting with the applicant to clarify or request additional application materials. The Council will rule on the application within one hundred and eighty days (180) of the City's receipt of a complete application. The Council may approve, approve with conditions, or deny the application. The Council may hold a public hearing on the application at its discretion. Final action by the Council shall be by resolution.

Applications not acted upon within 180 days of receipt of complete application are deemed approved. Following approval or denial of an application, the City will provide notice to the applicant and Lane County Assessor as provided in ORS 307.621.



Prior to issuance of the Certificate of Occupancy, the applicant may be required to record one or more restrictions or other covenants pertaining to the property that reflects any requirements or conditions required in the application approval.

4. The City may require the applicant to provide verification of the project's public benefits and proof that parking will be available to residents before issuing the Building Permit and/or Certificate of Occupancy.
5. For approved projects, the City Manager or designee may require submission of an annual report during the exemption period to verify the continuation of public benefits and continued conformance with other eligibility requirements. The project owner will be required to allow on-site inspections for the purposes of verifying that the project remains in compliance with its eligibility requirements.

Public Benefits

In exchange for granting the property tax exemption, the City requires applicants to include public benefits as part of the project. There are three options applicants can choose between to meet the public benefit requirement for the program.

OPTION 1: Clear and Objective Criteria

The applicant may pick public benefits from the list below to include in the project. The applicant may include two (2) public benefits if at least one benefit is a List A item. The applicant must include three (3) public benefits if all proposed benefits are List B items. These benefits must be in addition to any land use or building code requirements. The timing of City verification is at the discretion of the City. **The City Manager or designee will be the Approval Authority for applications applying under OPTION 1.**

Benefit	List A	List B
Amenities Supporting Bicyclists and Pedestrians	<p>Provide at least one element from the following list:</p> <ul style="list-style-type: none"> • Raised or signalized pedestrian crossing in excess of any requirements and as approved by the Community Development Department • Street lighting in excess of any requirements (one or more) • Create new sidewalk connections in excess of any requirements (100 feet or more of block length) • Convert existing curbside sidewalk to setback sidewalk in excess of any requirements (100 feet or more of block length) 	<p>Provide at least one element from the following list:</p> <ul style="list-style-type: none"> • Striping and signage for pedestrian crossing in excess of any requirements and as approved by the Community Development Department • Create new sidewalk connections in excess of any requirements (50 feet to 99 feet of block length) • Convert existing curbside sidewalk to setback sidewalk in excess of any requirements (50 feet to 99 feet of block length)

	Applicant must show on site plan at application and include letter of support from the Community Development Department. City to verify prior to issuance of building permit and/or certificate of occupancy.	
Units Accessible to a Range of Household Sizes		Project provides a mix of unit sizes. To qualify, must provide at least three different unit sizes. At least 10% of the total number of units must be allocated to each of the three unit sizes. Unit sizes include: live/work ¹ , studio, 1 bed, 2 bed, 3 bed, etc. (Round up decimals to the nearest whole number)
	Applicant must state plan for providing in application. City will verify during building plan review and at certificate of occupancy.	
Affordable Housing	At least 20% of units (only available for 6+ unit projects) are reserved for households with low incomes (at or below 80% AMI) for the duration of the exemption through: <ul style="list-style-type: none"> • Master lease with non-profit; OR • Housing Choice Voucher; OR • Similar housing subsidy program (Round up decimals to the nearest whole number)	At least 10% of units are reserved for households with low incomes (at or below 80% AMI) for the duration of the exemption through: <ul style="list-style-type: none"> • Master lease with non-profit; OR • Housing Choice Voucher; OR • Similar housing subsidy program (Round up decimals to the nearest whole number)
	Applicant must state plan for providing affordable units and include letter of support from sponsoring agency as applicable. Prior to issuance of certificate of occupancy and annually, must submit verification letter, including letter of confirmation from entity issuing vouchers/leases.	
Amenities Supporting Mass Transit Use	Provide at least one element from the following list: <ul style="list-style-type: none"> • Create new sidewalk to provide connection to a nearby bus stop location in excess of any requirements (100 feet or more of block length) • Installation of bus shelter or enhancement of existing bus shelter 	Provide at least one element from the following list: <ul style="list-style-type: none"> • Create new sidewalk to provide connection to a nearby bus stop location in excess of any requirements (50 feet to 99 feet of block length) • Installation and maintenance of trash receptacle at bus stop for duration of exemption
	Applicant must show on site plan at application and include letter of support from the Community Development Department and/or Lane Transit District (LTD) as applicable. City to verify prior to certificate of occupancy.	
Dedication of Land or Easement for Public Purpose	Dedication or easement to a public agency on the project site which is not otherwise required, but which serves as a public benefit. Examples of dedications/easements that may be acceptable include: pedestrian or bike access path, park space, utility easements.	
	Applicant must show planned location on site plan and submit a letter of support from the public agency verifying the dedication is sufficient. City to verify legal documentation of easement or dedication prior to certificate of occupancy.	

¹ Live/work unit is a dwelling unit or sleeping unit in which a significant portion of the space includes a nonresidential use that is operated by the tenant (OSSC 202.1).

EV and Micro-mobility Charging	Provide Electric Vehicle (EV) charging stations for a minimum of 40% of parking spaces, and a minimum of 2 EV charging stations. Stations may be limited to residents. (Round up decimals to the nearest whole number)	Provide micro-mobility charging stations with locking which are accessible to the public. A minimum of 1 space for every 5 units is required with a maximum of 5 spaces required. (Round up decimals to the nearest whole number)
	Applicant must show on site plan at application. City to verify at building permit and/or prior to certificate of occupancy. Must annually submit report verifying still in use.	
Offsite ADA Accessibility	Create ADA accessible path from front entrance of building to nearest transit stop in excess of any requirements. This could include curb improvements and/or sidewalk panel replacement.	Replace existing broken or deteriorated sidewalk to help make ADA connections offsite for a minimum of one block face in excess of any requirements.
	Applicant must show on site plan at application and include letter of support from the Community Development Department. City to verify prior to certificate of occupancy.	
Accessible Units ²		Where Type A units are required, increase accessibility to fully accessible ADA units; AND where Type B units are required, increase accessibility of at least 60% of Type B units to Type A units. A maximum of 20 Type B units must be upgraded to Type A units to meet this requirement. For projects with different unit sizes (1 bed, 2 bed, etc.), at least one unit of each unit size must be upgraded from Type B to Type A (where applicable).
	Applicant must explain plan for meeting requirement. City will verify during building plan review and prior to certificate of occupancy.	
Child Care Center ³	Provide Child Care Center onsite. The center may be limited to residents or open more broadly. The applicant must demonstrate how the center will be provided for the duration of the exemption.	
	Applicant must show location of child care center on site and building plans and demonstrate that code requirements for facility are met. Applicant should identify the care provider if available. City to verify prior to certificate of occupancy. Must annually submit copy of certification of child care center.	
Energy Efficiency/Green Building	Project will comply with one of the following certification programs: <ul style="list-style-type: none"> • Energy Trust New Building Path to Net Zero • LEED Platinum • Earth Advantage Platinum or higher • Similar energy certification (applicant will be required to justify) 	Project will comply with one of the following certification programs: <ul style="list-style-type: none"> • Energy Trust of Oregon New Building Whole Building • Energy Trust Multifamily Market Solutions Best • LEED Silver or higher • Earth Advantage Silver or higher

² The terms Type A and Type B are defined in the Oregon Structural Specialty Code.

³ Child care center is defined in ORS 329A.440.

	how program is similar to one of the above)	<ul style="list-style-type: none"> Similar energy certification (applicant will be required to justify how program is similar to one of the above)
	Applicant must show some level of coordination with the certifying agency in application. City to verify prior to issuance of building permit and/or certificate of occupancy.	
Development or Redevelopment of Underutilized Property	<p>Project meets all of the following criteria:</p> <ul style="list-style-type: none"> Aggregate development site is at least 0.5 acre. Project will increase residential density to at least 40% above minimum density requirement for the site <i>or</i> 40% above current density, whichever is greater. Projects that hit maximum allowable density also qualify. Project must not permanently displace any existing residents or businesses. 	<p>Project meets all of the following criteria:</p> <ul style="list-style-type: none"> Aggregate development site is at least 0.25 acre. Project will increase residential density to at least 40% above minimum density requirement for the site <i>or</i> 40% above current density, whichever is greater. Projects that hit maximum allowable density also qualify. Project must not permanently displace any existing residents or businesses.
	Applicant must demonstrate how requirement is met in application. If there are existing residents or businesses that are temporarily displaced, applicant must demonstrate how they will provide for return of those residents/businesses after completion of project. Within six months of the project's completion, owner must demonstrate that displaced residents or businesses are back on site or have voluntarily decided to not return.	
Community Spaces		<p>Project includes at least one of the following community spaces which will be open to the public free of charge for at least 30 hours per week for the duration of the exemption.</p> <ul style="list-style-type: none"> Community garden with seating Public plaza or park with seating Common meeting rooms (can be open to public by reservation) Rooftop gardens with seating Playground Facilities for cultural groups, youths, or seniors
	Applicant must show facility on site plan and explain how facility will meet requirements for public access. City to verify prior to certificate of occupancy. Must annually submit report verifying still in use.	
Moderate Income Rental Housing	<p>At least 30% of units are reserved at prices affordable to households with moderate incomes (at or below 100% AMI) for the duration of the exemption. Required maximum rent levels to be calculated annually by City.</p> <p>(Round up decimals to the nearest whole number)</p>	<p>At least 15% of units are reserved at prices affordable to households with moderate incomes (at or below 100% AMI) for the duration of the exemption. Required maximum rent levels to be calculated annually by City.</p> <p>(Round up decimals to the nearest whole number)</p>

	Applicant must complete moderate income housing worksheet with application and submit proposed rental prices. Prior to issuance of certificate of occupancy and annually, must submit rent rolls to verify moderate income units.	
Ground Floor Commercial Space	Provide ground floor commercial space fronting on Main Street between 38 th Street and Bob Straub Parkway. The commercial space must be in a mixed-use building that includes at least 5 dwelling units above the ground floor.	
	Where multiple buildings in a project meet this definition, the applicant may only count this as one required public benefit.	
	Applicant must show ground floor commercial space on site and building plans and demonstrate that code requirements are met. City to verify prior to building permit and/or certificate of occupancy. Must annually submit report verifying space still in a commercial use.	

OPTION 2: Fee-in-Lieu for ADA Accessibility

The applicant may pay a fee in lieu of including a public benefit in the project which will be dedicated to completing infrastructure projects in HDTE program areas that increase ADA accessibility for the community.

The fee will be 10% of the total HDTE tax exemption. Project owners can pay the fee annually during years three through ten of the exemption or may pay upfront with a 5% discount. **The City Manager or designee will be the Approval Authority for applications applying under OPTION 2.**

OPTION 3: Council Proposal

The applicant may choose to propose one or more public benefits to include in the project which do not meet the clear and objective criteria listed under OPTION 1. These benefits may be of a similar nature to those listed under OPTION 1 or may be other public benefits that are consistent with ORS 307.600 through 307.637.

The burden is on the applicant to explain how the benefit(s) they have proposed meet the program's requirements. The City reserves the right to exercise discretion in determining whether the proposed public benefits are appropriate for the site and if program requirements have been sufficiently met.

The applicant must explain how the proposed benefit(s) further adopted City policies (if any) and demonstrate how they will certify to the City that the public benefit is included in the project. If any other public agencies will be impacted, the applicant should include a letter of support for the benefit from the relevant agency. In most cases, proposed benefit(s) should go above and beyond development requirements. Exceptions should be rare and require justification from the applicant. **The Council will be the Approval Authority for applications applying under OPTION 3.**

Examples of public benefits an applicant may wish to propose include:



- **Accessibility Features:** This may include dwelling units and/or communities designed to allow for aging in place and/or to meet mobility needs. It could also include other accessibility retrofits and upgrades not otherwise required by code.
- **Community Spaces:** Community spaces are locations where people can gather and spend ample time building community. This may include recreation facilities or other community-serving facilities. These may be limited to residents or paying customers if Council finds the proposal provides a sufficient public benefit.
- **Disaster Resiliency:** This may include building to an acceptable above-minimum seismic code standard, building to an acceptable flood standard within the 42nd Street levee impact area, including resilient community spaces (e.g. warming/cooling or cleaner air spaces, emergency food and water supplies), or including emergency shelter space.
- **Extra Costs Associated with Infill and Redevelopment:** This may include development costs that go well beyond the regular cost of development, such as brownfield site remediation, high costs for offsite construction staging, or significant installation or replacement of infrastructure. The applicant should demonstrate the additional cost and include a comparative basis to show how the costs go beyond typical development costs.
- **Energy Efficiency and Green Building:** This may include features such as a significant portion of the building's energy being provided by renewable energy, reuse of grey water, green roofs, and other similar features.
- **Tenant amenities:** This may include features such as broadband internet connection, and in-unit A/C.
- **Innovative Material Use/Re-Use:** This may include preservation of a building shell or façade of an existing significant or historic building. It could also include significant use of innovative construction materials or techniques such as mass timber, 3D printing, or straw bales.
- **Public Art:** Public art may include the installation of sculptures, murals, or other forms of public art. It may also include galleries or performance venues.
- **Special Architectural Features:** Special architectural features could include extraordinary material use, outstanding architectural design, restoration of missing historical features based on photographic evidence, or similar.
- **Structured Parking:** This may include providing parking in a structure or as tuck-under parking to address parking needs while helping to create a dense urban form.

The criteria used by Council to weigh public benefits proposed under OPTION 3 are:

- The proposed public benefit(s) will provide a benefit to the public which is proportional to the exemption requested; and
- The public benefit(s) goes above and beyond development requirements, or the applicant has made a compelling argument for an exception; and
- The public benefit(s) will extend for at least the duration of exemption; and
- The public benefit(s) will be included as part of the construction of the project; and
- Staff will be able to verify on-going compliance without notable increase to workload.

Monitoring



After a project is approved for the exemption, the project owner must continue to comply with program requirements for the duration of the exemption. The owner of a property receiving the HDTE may be required to submit a report annually to the City and must allow on-site inspections verifying the continuation of all conditions of approval, including public benefits. The City or Lane County Assessor may conduct additional monitoring of projects granted the exemption as needed, including following the sale of a project participating in the program which is still within its exemption period.

The City Manager or designee shall submit an annual report to Council summarizing the status and fiscal impact of all approved projects within an exemption period.

Termination

If the City finds that construction of multiple-unit housing was not completed on or before the date specified in these guidelines, or that any provision of ORS 307.600-637, SMC section 3.550-558, or the program guidelines are not being met, or any condition of approval is not being or has not been complied with, the City shall give notice to the property owner and any known lender of the proposed termination of the exemption. The notice shall list the reasons for termination and require the project owner to appear at a time specified by the City (not less than 20 days after mailing the notice) to show cause, if any, why the exemption should not be terminated. For additional guidance on termination of an exemption, refer to ORS 307.627, and ORS 307.631.

Extension

If the City finds that, due to circumstances beyond the control of an owner who is acting in good faith, the multiple-unit housing cannot be completed by the date specified in these guidelines, it may grant an extension of up to one year for completion of construction.

Changes to a Project

Following a project's approval for exemption, the applicant may need to make changes to the project from what was approved due to materials availability, land use requirements, or other unforeseen circumstances. Before making changes, the applicant must contact the City to determine if the changes can be approved. Changes to a project that relate to specific conditions upon which the approval of the application is based will require a new application and approval.

Additional Requirements

The City may choose to apply additional regulations or requirements on applications at any time. The City may choose to alter or eliminate the tax exemption program at any time. Applications that have been approved before program changes are made will continue under the program guidelines in effect at their time of acceptance.





Housing Diversity Tax Exemption

ORS 307.600-637

Housing in Springfield

- Housing Needs Analysis (2011) estimated **296** dwellings/year needed from 2010-2030
 - **40%** multiple unit housing
- 2018 report by *LOCUS Responsible Real Estate Developers and Investors*:
 - Found **1** multiple unit housing project built 2008-2018
 - Recommended instituting multiple-unit property tax exemption
- Springfield Housing Strategy
 - City response to community's housing needs



Tax Exemption Overview

- State-enabled incentive
 - At least 8 cities have adopted
 - 3 in Lane County
- Incentivize new multiple-unit housing
 - Eligible areas near transit
 - No transient accommodations
 - Projects must provide public benefit





Why?

- **Increase the Supply and Diversity of Housing**
 - Very low vacancy rate – 1.6% rental vacancy
 - Lack of housing diversity – 16% multiple-unit
- **Promote Growth and Revenue Generation**
 - Difficult market for development – make development feasible
 - New property tax revenue over long-term

Source: US Census ACS 5-year (2022)



Developing the Program

- Started 2017, paused and picked up 2022
 - City team: Community Development, Economic Development, Finance
- Outreach
 - ✓ Cities with Program
 - ✓ Local Developers
 - Themes we heard: ***Certainty, Efficiency, Flexibility***
 - ✓ Taxing Districts
- Public Hearing

Application Criteria

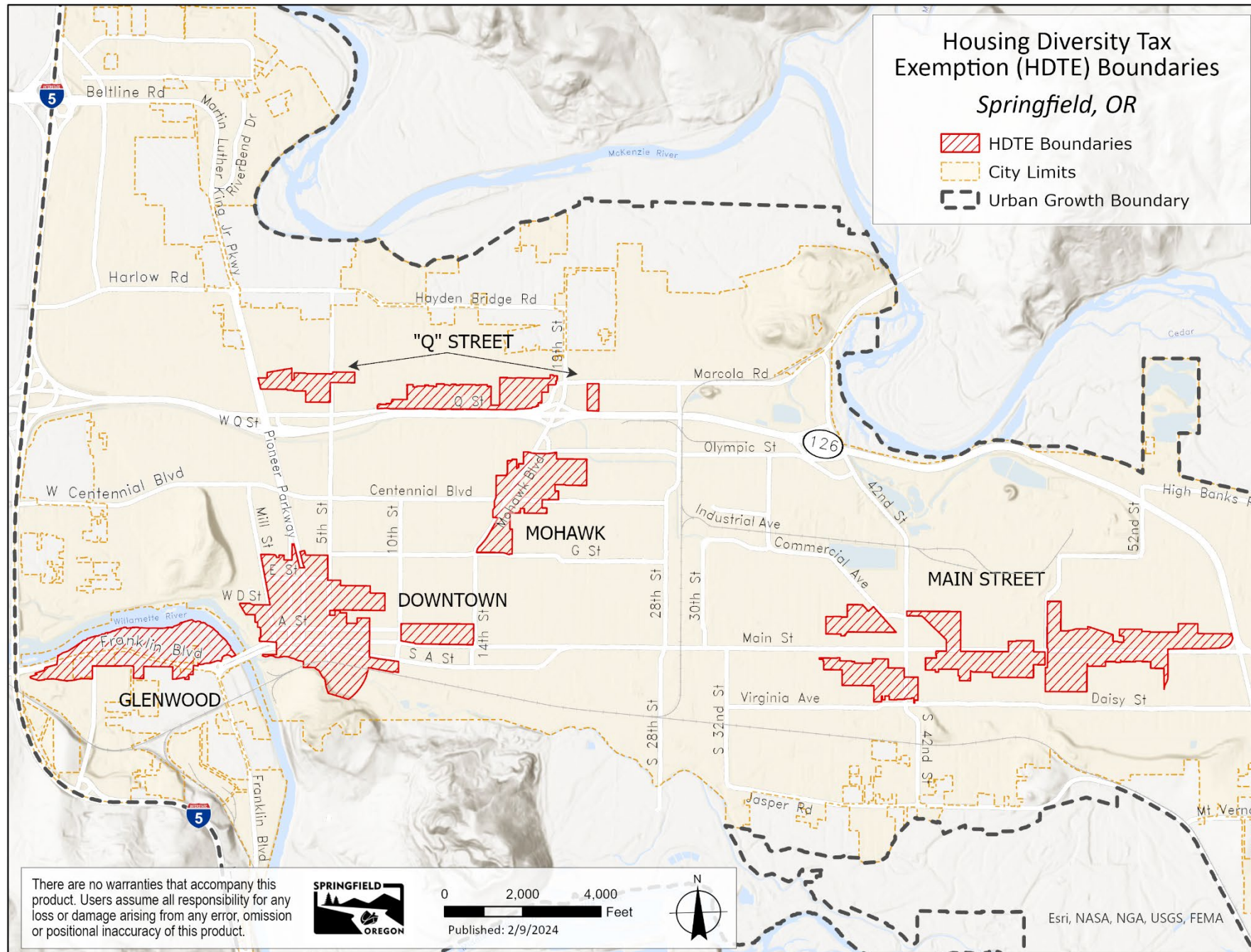
- ✓ 5 units minimum
- ✓ Within eligible program area
- ✓ Includes public benefits
 - 3 pathways to comply
 - Clear & Objective Criteria (2-3)
 - Fee-in-Lieu (10% of benefit)
 - Council Proposal
- ✓ Council reviews applications not meeting clear and objective criteria

Public Benefit Category
Amenities Supporting Bicyclists and Pedestrians
Units Accessible to a Range of Household Sizes
Affordable Housing
Amenities Supporting Mass Transit Use
Dedication of Land or Easement for Public Purpose
Electric Vehicle and Micro-mobility Charging
Offsite ADA Accessibility
Accessible Units
Child Care Center
Energy Efficiency/Green Building
Development or Redevelopment of Underutilized Property
Community Spaces
Moderate Income Housing
Ground Floor Commercial Space

Housing Diversity Tax Exemption (HDTE) Boundaries

Springfield, OR

-  HDTE Boundaries
-  City Limits
-  Urban Growth Boundary





Exemption Scope

- 10 years
- NEW Residential improvements
 - NEW Parking for residents
 - NEW Commercial space in mixed-use building when deemed public benefit
 - **NOT:** land, existing improvements
- Only City's share unless 51% of levy supports

Program Impact

HDTE IN SPRINGFIELD

- Forgo 10 years of some property taxes
- Based on recent development trends, expect approximately 1-2 eligible projects per year
 - Depends on market forces
- Council can pause, cap, end program at any time

MUPTE IN EUGENE

- 8 projects since 2016
 - 0-3 projects/year
 - 928 units
- 28 projects received since 1978*
 - Developers invested \$283M in projects
 - Combined tax revenue generated approx. \$133,000/year before projects constructed
 - Estimated \$2.5M/year generated when taxed

**City of Eugene webpage*

Taxing Districts

- Eugene School District – June 5th
- Springfield School District – June 10th
- Willamalane Park and Recreation District – June 12th and *future date*
- Lane County – June 25th
- Lane Community College – July 3rd (*tentative*)

QUESTIONS?

