

# SDC Waiver for Affordable Homeownership Units Program Guidelines

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## Purpose of SDC Waiver

To address the need for more affordable homeownership opportunities in Springfield, the City is waiving System Development Charges (SDCs) to encourage the development and sale of housing units affordable to low-income homebuyers with household incomes of no more than 80% of the area median income (AMI). The City will waive transportation, stormwater, and local wastewater SDCs assessed during the permitting process. Metropolitan Wastewater Management Commission and Willamalane Park and Recreation District SDCs are still in effect.

Public agencies, non-profit developers, and other, private developers may apply for the waiver. The waiver is available under two compliance pathways. For applicants with sufficient legal documentation in place to secure the housing unit's affordability for at least five years per program guidelines, the SDC waiver will be provided through an agreement with the developer. For applicants who do not secure the housing unit's affordability over time, the waiver is structured as a forgivable loan with 20% forgiven after each year of the five (5) year affordability period.

## Program Objectives

- Reduce up-front construction costs for developers who will sell homes at an affordable price to households with incomes of no more than 80% of the AMI.
- Encourage the creation of homes that will provide for affordable homeownership for at least five years for income-qualified households (earning no more than 80% of AMI) by providing the waiver as a grant to qualifying applicants.
- Facilitate housing stabilization and home equity for more income-qualified households by offering the waiver as a 5-year forgivable loan for housing units that are initially sold affordably to a qualifying buyer, subject to owners' ongoing occupancy of home.

## Definitions

For the purposes of this program, the following terms mean:

**Affordable Price:** An affordable price is a sales price that results in a monthly payment such that at the time of sale, the qualified homebuyer will spend no more than 35% of their gross household monthly income on housing costs. Housing costs include all payments made toward the principal and interest of any mortgages on the unit, real property taxes, insurance, and any condominium association, homeowners' association, or housing cooperative payments (utilities are excluded).

**Approved Affordability Requirement:** An approved affordability requirement is a nonpossessory real property interest (such as an affordable housing covenant or similar deed restriction) that requires the housing unit be sold exclusively to qualified buyers for the compliance period. The affordability requirement must be enforceable by the City of Springfield. The City Attorney's Office will review documentation submitted by the applicant to determine if it meets program requirements and qualifies as an approved affordability requirement.

**Compliance Period:** The compliance period is five (5) years. The period begins when the certificate of occupancy is issued or when a qualified homebuyer closes on the property, whichever is later; it ends five years from the date it began.

**Income-Qualified Household:** Those households whose income does not exceed 80% of the area median income (AMI) for the Eugene-Springfield Metropolitan Statistical Area, based on the Federal Department of Housing and Urban Development annual Community Development Block Grant Income Limits, adjusted for household size. Income eligibility is determined by household adjusted gross income from the prior year, as well as income anticipated to be received during the coming twelve (12) month period. The gross income of all adults eighteen (18) and over who will be living in the housing unit is used to determine household income. The household's income may rise while they live in the property so long as the household was income-eligible when they first occupied the unit.

**Housing Unit:** A housing unit is permanent housing that is available for sale to income-qualified households. The unit can be any of the following uses as defined in the Springfield Development Code: detached or attached single-unit dwelling; duplex; triplex or fourplex; townhouse; cottage cluster housing; courtyard housing; single room occupancy; accessory dwelling unit; unit in a manufactured dwelling park; and multiple-unit housing. A housing unit also includes residential housing provided by means of membership in a consumer housing cooperative as defined in ORS 456.548.

**Qualified Homebuyer:** A qualified homebuyer is an individual belonging to an income qualified household who will be on the title or own a membership in the housing cooperative and will occupy the housing unit as their primary residence.

### Eligibility

A housing unit receiving an SDC waiver under this program must meet the following eligibility requirements:

- The housing unit must be located within the City of Springfield city limits.
- The housing unit must meet all applicable requirements of the Springfield Development Code and Springfield Municipal Code.

- If the housing unit is part of a mixed-income development, only SDCs for units that meet program guidelines may be waived.
- During the compliance period, the housing unit must remain occupied by a qualified homebuyer. The qualified homebuyer may rent out space in the housing unit, so long as they continue to occupy it as their primary residence.
- This waiver program expires on December 31, 2025, or when the City has waived \$300,000 in SDCs for this program, whichever is sooner. All building permit applications related to an application for a SDC waiver under this program must be submitted on or before December 31, 2025 for the waiver to be granted. The City may close the program at any time before that date if the \$300,000 waiver limit has been reached. Any applications that have not been received approval before the program closes are ineligible for a waiver.

### Compliance

The SDC waiver may be granted under two pathways. For housing units with an approved affordability agreement, the SDC waiver will be a grant (Option A). For housing units without an approved affordability agreement, the waiver is structured as a forgivable loan with 20% forgiven after each year of the five (5) year compliance period (Option B).

The applicant must provide documentation to the City verifying that the housing unit was sold to a qualified buyer at an affordable price (as applicable). A housing unit for which the waiver is granted must be sold in accordance with the program guidelines within one (1) year of the issuance of the certificate of occupancy or it will be considered out of compliance and the full amount of waived SDCs must be paid.

To remain compliant, the housing unit must continue to be occupied by a qualified buyer for the entire compliance period.

### Compliance Pathways

#### **Option A – Ongoing Affordability Requirement**

Applicants may submit documentation to the City to determine if the housing unit has in place an approved affordability requirement. The City reserves the right to approve or deny an SDC waiver under this pathway if it determines that the documentation provided is insufficient to guarantee affordability per program guidelines.

The City may conduct regular monitoring for compliance and reserves the right to request documentation to verify compliance with the approved affordability requirement and these program guidelines.

## **Option B – Verified Affordable Price**

For housing units that do not have an approved affordability requirement in place, the applicant will be required to submit documentation required by the City to secure the unit's affordability per program guidelines. The applicant will also be required to submit income and housing unit sales price information to the City to verify program compliance before closing on the property with a buyer. The City will verify that the housing unit is being sold at an affordable price to a qualified homebuyer. During the compliance period, the qualified homebuyer must occupy the housing unit as their primary residence.

The City will monitor that the qualified homebuyer continues to reside in the housing unit as their primary residence. If a homeowner sells the property within the five (5) year compliance period or no longer occupies it as their primary residence, a portion of the waived SDCs must be paid by the owner. The amount due will be determined based on the time remaining in the compliance period.

The City will conduct regular monitoring during the compliance period and reserves the right to request documentation to verify the housing unit is occupied by a qualified homebuyer and all other requirements of this program are met.

### Other Terms

**Approval:** By accepting an application, the City is in no way committing to waiving any SDCs. The City may deny a waiver or revoke waiver approval if program requirements or deadlines outlined in these guidelines or other related program documentation are not met.

**Additional Information:** As an application is reviewed, it may become apparent that additional information is needed from the applicant. The City may follow up with the applicant to clarify information contained in their application, or to gather additional information before making a decision. Applications deemed incomplete will not be reviewed.

**Reconsideration:** If an application has been denied and the applicant has new or additional information they would like the City to consider, this may be submitted to the City for reconsideration of a denial.

**Program Changes:** At any time, the City may propose such revisions, deletions, or amendments to these guidelines as deemed necessary or desirable for the efficient implementation of the waiver program, but no such revision, deletion, or amendment shall be effective until approved by Council Resolution.

**Application Confidentiality:** Information considered confidential under Oregon law may be

separated for confidential handling, if specified “confidential” and delivered at the same time as the rest of the submittal.

**Arm’s Length Transaction:** The sale of any housing unit that has received a SDC waiver under this program must be an arm’s length transaction, which is one in which the buyer and seller act independently and have no relationship to each other by blood, marriage, or unrelated business dealings.