



Housing Diversity Tax Exemption

Springfield Municipal Code 5.550-5.558

What is the Housing Diversity Tax Exemption?

The Housing Diversity Tax Exemption (HDTE) is a property tax exemption program Springfield offers to help stimulate construction of new multiple-unit housing near transit and in core areas. This state-enabled program commonly known as the Multiple-Unit Property Tax Exemption, or “MUPTE,” lowers operating costs for a qualifying project’s first ten years by exempting some property taxes, making more housing projects financially feasible to build. The City hopes this tax exemption will stimulate development of vacant or underutilized sites in targeted areas, improve the residential/commercial balance, and create places where residents of the community have an opportunity to live as well as work.

How does the City of Springfield determine if a project is eligible for the tax exemption?

The HDTE is an application-based program. There are several requirements a project must meet to be eligible for the tax exemption, including:

- ✓ Be located within City limits and within one of the approved HDTE program areas. These include parts of Downtown, Glenwood, Mohawk, Q Street, and East Main Street.
- ✓ Applicant must have site control.
- ✓ Include a minimum of five new dwelling units in the structure, excluding cottage clusters.
- ✓ Include public benefits as defined by the program guidelines.
- ✓ Not be designed or used as transient lodging.
- ✓ Applicants receiving system development charge (SDC) assistance from the Springfield Economic Development Agency (SEDA) are not eligible unless the project will be four or more stories upon completion.
- ✓ 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.
- ✓ Applicant has not yet applied for a building permit.

For a complete list of program requirements, please review the program guidelines available at bit.ly/spfldhi.

All applicants will be required to attend a pre-application meeting before applying for the tax exemption. Staff will review most applications and decide if the project is eligible for a tax exemption. City Council will review projects for which a developer has proposed a public benefit that does not meet clear and objective criteria.

What is the scope of the tax exemption?

Owners of approved projects will be exempt from paying property taxes for ten years on the value of new residential improvements, new parking for residents, and new ground floor commercial space in a mixed-use building when it’s determined to be a public benefit. The exemption does not apply to the land or any other improvements. Where stories or other improvements are added to a structure 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.

Is there a fee for applying?

There is no fee for the required pre-application meeting. A fee will be charged at application for the tax exemption. There are three different application fees for the HDTE program which are listed in the Master Fees and Charges Schedule under Planning fees. The fee covers the City's costs for processing the application and the amount charged is based on which public benefit pathway an applicant pursues. If an application is approved, the Lane County Assessor's office will collect a separate fee for processing and applying the tax exemption which is calculated on a project-by-project basis.

Is there a need for more multiple-unit housing in Springfield?

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 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 needs.

Does the program reduce the City's tax revenue?

The purpose of the tax exemption is to reduce costs to make more projects financially feasible. If a project isn't financially feasible it won't be built, and the City and other 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.

Additional Questions:

Program Materials: bit.ly/spfldhi

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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).