

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 (MUPTEx) 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	Provide at least one element from the following list: <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) 	Provide at least one element from the following list: <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.



	<p>how program is similar to one of the above)</p>	<ul style="list-style-type: none"> Similar energy certification (applicant will be required to justify how program is similar to one of the above)
<p>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.</p>		
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.
<p>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.</p>		
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
<p>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.</p>		
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.

