**Standards and Guidelines**

**for**

**Low Income Rental Housing Property Tax Exemption**

STANDARDS AND GUIDELINES FOR PROCESSING APPLICATIONS FOR THE LOW-INCOME RENTAL HOUSING PROPERTY TAX EXEMPTION UNDER ORS 307.515 TO ORS 307.537

Pursuant to the provisions of the Springfield Municipal Code Sections 3.500 – 3.508, the City Manager shall be governed by the following rules in considering applications and making recommendations for the low-income rental housing local property tax exemption. These standards and guidelines are adopted pursuant to ORS 307.521(4).

ADMINISTRATIVE PROCESS

For purposes of these rules, the following words and phrases mean:

**City Manager.** The City Manager of the City of Springfield, or the manager’s designee.

**Lender.** The provider of a loan secured by the recorded deed of trust or recorded mortgage made to finance the purchase, construction, or rehabilitation of a property used for low-income housing under the criteria listed in section 3.506 of this code.

**Low-Income.** Income at or below 60 percent of the area median income as determined by the Oregon Housing Stability Council based on information from the United States Department of Housing and Urban Development.

**Low-Income Rental Housing.** Rental housing constructed after April 5, 1993, which is occupied by low-income persons.

1. **Statement of Program Purpose.** The intent of the low-income rental housing tax exemption program is to benefit low-income residents and provide an incentive that will encourage construction of housing or conversion of buildings to housing for rent by persons with low-incomes.
2. **Eligible Property.** To be eligible for City property tax exemption hereunder, the property must comply with Sections 3.504 and 3.506 of the Municipal Code.
	1. The tax exemption is only available for the creation of new units, either through new construction or through conversion of a building from a non-residential use to new housing units.

* 1. To qualify, the property must create a minimum of four (4) units to be rented to qualifying low-income households.
1. **Application for Exemption.** To be considered complete, an application for property tax exemption hereunder must comply with Section 3.504 of the Municipal Code. Additionally:

3.1 An application must demonstrate that a portion of housing units will be occupied, or offered for rent, solely as a residence for low-income persons by December 31st of the first year for which the tax exemption is requested.

3.2 There is currently no application fee.

1. **Components of Tax Exemption.** Per statute, an exemption from ad valorem taxes shall be granted for a period of twenty (20) successive years for the land and the improvements located thereon that are a part of the low-income rental housing.

4.1 Pro rata tax exemption. The requested tax exemption must reflect the portion of units that will be occupied solely as a residence for low-income persons.

4.2 Application to tax levy. The exemption would apply to the tax levy of Springfield. The exemption could also apply to the tax levy of all other taxing districts if the governing bodies of those taxing districts agree to the exemption. There must be support from enough taxing districts such that their combined rates total at least 51% of the combined rate of all taxing districts. The City Manager shall notify the Lane County Tax Assessor that an exemption certified by the city shall apply to the tax levy of all taxing districts in which the property is located.

1. **Policies.** In addition to the criteria set forth above and in Sections 3.500 – 3.508 the Springfield Municipal Code, the applicant must demonstrate compliance with the following policies in order to be eligible for a property tax exemption hereunder:

5.1 Rent Regulatory Agreement. The owner must agree to execute and maintain in effect for the duration of the tax exemption period, a Rent Regulatory Agreement in a form approved by the City, and which contains, but is not limited to, provisions establishing regular reporting requirements and periodic inspection period, and demonstrates that the required rent payment reflects the benefit of the property tax exemption.

5.2 Inspection of Premises. The owner must consent in writing that for the duration of the tax exemption period the City may inspect the property for which the exemption is granted at reasonable times, without prior notice, to ensure that the premises are maintained in decent, safe, and sanitary conditions for the occupants.

1. **Recommendation on Applications.** Upon receipt of an application for property tax exemption hereunder, the City Manager shall:
	1. Review the application to verify that the applicant has provided the information required and paid the required fee. The City Manager shall promptly notify the applicant of any omissions.
	2. If necessary, establish a meeting with the applicant, or the applicant’s authorized representative to review the application.

6.2 Make a written recommendation to Council in sufficient time to allow the Council to take final action upon the application and certify the results of the action to the county assessor within 60 days from the date the Application is filed. The recommendation shall be based upon and contain findings of compliance or non-compliance with these Standards and Guidelines, Sections 3.506(1) through 3.506(4) of the Springfield Municipal Code, Council resolutions, ordinances, and adopted policies, and applicable State statutes, that support the recommendation.

1. **Final Action on Applications.** Upon receipt of the City Manager’s recommendation, the City Council shall consider the application and adopt a resolution granting or denying the property tax exemption, per Sections 3.506(5) through 3.506(7) of the Municipal Code.
2. **Termination of Exemption.** Section 3.508 of the Municipal Code outlines the criteria for termination of the exemption.
3. **Amendments to Guidelines.** The City Manager may, from time to time, propose such revisions, deletions, or amendments to these Standards and Guidelines as deemed necessary or desirable for the efficient implementation of the low-income rental housing property tax exemption program, but no such revision, deletion, or amendment shall be effective until approved by Council Resolution.