

**CITY OF FLORENCE  
ORDINANCE NO. 22, SERIES 2021**

**AN ORDINANCE AMENDING THE FLORENCE CITY CODE BY ADDING  
CHAPTER 17 TO TITLE 1 REGARDING THE ESTABLISHMENT OF A  
MULTIPLE-UNIT PROPERTY TAX EXEMPTION PROGRAM**

RECITALS:

- State of Oregon statutes ORS 307.600 through 307.637 authorize cities to establish and design programs to attract new development of multiple-unit housing in core areas and transit-oriented areas by means of a local property tax exemption.
- A multi-unit property tax exemption program would allow new multi-family units (three or more units) to be exempted from property taxes on the assessed value of the new residential construction for up to 10 years. Property taxes would continue to be assessed on the value of the land and any commercial spaces.
- ORS 307.606(1) provides that the tax exemption can only apply to a property's full tax assessment if the program is supported by the City's partner taxing districts such that the program achieves support from taxing districts making up "51 percent or more of the total combined rate of taxation levied on the property which is tax exempt."
- In 2018, the City of Florence completed a Housing Needs Assessment that showed that Florence needs at least 1,600 new housing dwellings over the next twenty years to keep up with the estimated pace of population growth. This includes over 600 units of multi-unit housing, in a range of sizes from duplexes or townhomes to larger multifamily housing units.
- In May 2021, the City Council approved its biennial work plan that directed staff to continue working on multiple housing efforts, including: "Evaluate opportunities for implementing property tax exemptions for workforce housing projects."
- A multiple-unit property tax exemption program created under ORS 307.600 to 307.637 will encourage development of much needed multiple-unit housing in the City of Florence.

Based on these findings,

THE CITY COUNCIL OF THE CITY OF FLORENCE ORDAINS AS FOLLOWS:

1. The Florence multiple-unit tax exemption program, as shown in Exhibit A, is hereby adopted as a new Title 1, Chapter 17 of the Florence City Code.

2. This adoption is based upon the City Council determination, after public hearing, that the multiple-unit tax exemption program, as detailed in Exhibit A, is in compliance with ORS 307.600 to 307.637. Its adoption is in the public interest and will serve the health, safety, and welfare of the citizens of the City of Florence.
3. Notwithstanding anything to the contrary in Exhibit A, for the first year of program operation in 2022, the City will accept and process applications submitted to the City by February 1, 2022 without the need for a preapplication conference.
4. In accordance with the Florence Charter, this ordinance will take effect 30 days after adoption. The multiple-unit property tax exemption program under the newly adopted Title 1, Chapter 17 shall become effective upon receipt of written support from a sufficient number of taxing jurisdictions whose combined levying authority upon properties within the program exceeds 51 percent.

ADOPTION:

First Reading on the 6th day of December, 2021.

Second Reading on the 13th day of December, 2021.

This Ordinance is passed and adopted on the 13th day of December, 2021.

Councilors: Wantz, Woodbury, Meyer, Wisniewski, Mayor Henry.

AYES: 4  
NAYS: 1  
ABSTAIN 0  
ABSENT 0

  
\_\_\_\_\_  
Joe Henry, Mayor

Attest:

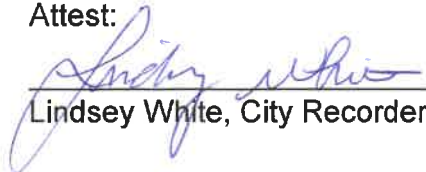
  
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Lindsey White, City Recorder

EXHIBIT A

TITLE 1  
CHAPTER 17

MULTIPLE-UNIT PROPERTY TAX EXEMPTION PROGRAM

SECTION:

- 1-17-1: Generally
- 1-17-2: Eligible Property
- 1-17-3: Preapplication Conference
- 1-17-4: Application Procedure
- 1-17-5: Public Benefits
- 1-17-6: Change of Use
- 1-17-7: Review of the Application
- 1-17-8: Termination
- 1-17-9: Extensions

**1-17-1: Generally:**

- A. The provisions of ORS 307.600 to 307.637 are hereby adopted to stimulate the construction, or addition of or conversion to multiple-unit housing in the designated core area of the City and in transit-oriented areas; and it is found that multiple-unit housing meeting the qualifications of ORS 307.606(4) would not otherwise be built in the designated areas without the benefits provided by ORS 307.600 to 307.637.
- B. The tax exemption may be approved for up to ten consecutive years beginning July 1 of the tax year after completion of construction.
- C. The term "applicant," as used in this Chapter, means the person seeking the property tax exemption provided by this Chapter.
- D. At any time, the City Council may, by motion or upon request by the Lane County Board of Commissioners, set a limit on the maximum amount of foregone tax revenue provided as a benefit of the exemption under this Chapter.

**1-17-2: Eligible property:** To be eligible for the property tax exemption provided by this Chapter, the multiple-unit housing must be newly constructed residential units that meet the following criteria:

- A. Financial need for the exemption
  - 1. The project could not be financially built "but for" the tax exemption. The burden is on the applicant to demonstrate that absent of the exemption the project would not be financially viable. The project pro-forma must

show that the property tax exemption is necessary for the project to be processed.

2. The project pro-forma must include:

- i. Ten-year pro-forma with MUPTTE.
  - ii. Ten-year pro-forma without MUPTTE.
  - iii. Analysis of the projected ten-year cash-on-cash rates of return on investment for the proposed project. This should be calculated as the ratio of net cash flow, after debt service, to initial equity investment (cash and land).
  - iv. List of assumptions made to create the pro-formas, including a description of how property taxes were estimated for the without MUPTTE pro-forma and the affordable housing fee or rent levels.
  - v. Development budget.
  - vi. Sources and uses of financing, including a description and monetary value of any other public assistance, including but not limited to, grants, loans, loan guarantees, rent subsidies, fee waivers, or other tax incentives, which the property is receiving or which the applicant plans to seek.
- B. Include 3 or more residential dwellings that are defined as triplex, quadplex, and multi-family dwellings, as defined in FCC 10-2-13.
- C. The units will not be used as transient accommodations rented for less than 30 consecutive days (including hotels and motels).
- D. Include three or more elements benefitting the public as described in this Chapter and guidance approved by the Council.
- E. Be housing which is completed on or before the date specified in ORS 307.637.
- F. Be located within  $\frac{1}{4}$  mile of a fixed route public transit service.

**1-17-3: Preapplication conference:**

- A. The applicant shall request that the City of Florence schedule a preapplication conference no later than December 31 of the calendar year immediately prior to the first assessment year for which the exemption is requested. Each applicant shall submit in writing, on forms furnished by the City of Florence, the following information:
1. The applicant's name, address, and telephone number.

2. A preliminary sketch, drawn to approximate scale of one-inch equals 20 feet, which shows the site plan and major features of the proposed development.
  3. A written statement which generally describes the location of the proposed development; the number, size, and type of dwelling units; dimensions of structures; public and private access; parking and circulation plans; landscaping; uses; and a description of the public benefit(s) the applicant proposes to include in the project.
- B. Prior to the preapplication conference, City staff shall review the information supplied by the applicant and contact, for purposes of facilitating the application process, advisory bodies, departments, or agencies which may be affected by or have an interest in the proposed development.
- C. The applicant shall meet with staff of the City of Florence in the preapplication conference and discuss the applicant's proposed development. After this conference, the City of Florence shall provide the applicant with a written summary of the meeting, including recommendations to inform and assist the applicant in preparation of the exemption application.

**1-17-4: Application procedure:**

- A. The applicant shall apply to the City of Florence no later than February 1 of the year for which the exemption is requested. The applicant shall submit an application for exemption in writing on forms furnished by the City of Florence which must show:
1. The applicant's name, address, and telephone number.
  2. A legal description of the property and the assessor's property account number for the site, and indication of site control.
  3. A detailed description of the project, including the number, size, and type of dwelling units; dimensions of structures, parcel size, proposed lot coverage of buildings, and amount of open space; type of construction; public and private access; parking and circulation plans; landscaping; uses; a description of the public benefits which the applicant proposes to include in the project; proposed rental rates or sale prices; and economic feasibility studies or market analysis when appropriate.
  4. A description of the existing use of the property, including a justification for the elimination of existing sound or rehabilitable housing.
  5. A site plan and supporting materials, drawn to a minimum scale of one-inch equals 20 feet, which shows in detail the development plan of the

entire project, showing streets, driveways, sidewalks, pedestrian ways, off-street parking, and loading areas, location and dimension of structures, use of land and structures, major landscaping features, and design of structures.

6. A description and the monetary value of any other public assistance, including, but not limited to, grants, loans, loan guarantees, rent subsidies, fee waivers, or other tax incentives, which the property is receiving or which the applicant plans to seek.

- B. At the time an application is submitted, the applicant shall pay an application fee as prescribed by resolution of the Council.

**1-17-5: Public benefits:**

- A In order to qualify for the exemption provided by this Chapter, the applicant must propose and agree to include in the proposed project three or more design elements benefitting the general public which may consist of, but not be limited to:
  1. Units at sales prices or rental rates which are accessible to a broad income range of the general public.
  2. Parks and recreation facilities (over required minimum).
  3. Open spaces (over required minimum).
  4. Common meeting rooms.
  5. Child care facilities.
  6. Facilities supportive of the arts.
  7. Pedestrian-oriented design features.
  8. Facilities for people with disabilities.
  9. Special architectural features.
  10. Dedication of land or facilities for public use.
  11. Development or redevelopment of blighted property.
  12. Commercial uses on the ground floor of the multiple-unit housing structure.

13. Compliance with Leadership in Energy and Environmental Design (LEED) Certification requirements.
  14. Development on sites with existing single-story commercial structures.
  15. Inclusion of additional tenant amenities.
  16. Projects that provide units that are or become subject to a low-income housing assistance contract with an agency or subdivision of this state or the United States
- B. Public benefits provided by this section are not necessarily required to be available to the public at large if the Council finds the design elements proposed by the applicant provide sufficient public benefit. For projects proposing affordable housing under FCC 1-17-5-A-16, the Council may weigh the factor as providing two public benefits depending on the extent of affordable housing options being proposed.
- C. More information about each public benefit can be found in the standards and guidelines adopted by Council resolution.

**1-17-6: Change of use:** Notwithstanding the zone of the property on which the proposed project is to be located, no change of occupancy permit or building permit for change of use of dwelling units constructed under the provisions of this Chapter will be issued unless specifically authorized by the Council. Such a change may be authorized by the Council on the basis of the owner's justification of need to remove the housing resource. No such change of use will be considered within the approved ten-year exemption period.

**1-17-7: Review of the application:**

- A. The Council may approve the application if it finds, in accordance with standards and guidelines adopted by resolution of the Council, that:
1. The property is eligible as provided in FCC 1-17-2; and
  2. The public benefit the property will receive pursuant to this program will be reasonable when considered in combination with other public benefits it is receiving or for which the owner plans to apply.
- B. The Council shall review the application within 180 days of filing and approve, deny, or approve subject to reasonable conditions, the application. Final action by the Council shall be by resolution that shall contain the owner's name and address, a description of subject multiple-unit housing, either the legal description of the property or the assessor's property account number, and the specific conditions upon which the approval of the application is based. An application not acted upon within 180 days following the date of application shall be deemed approved.

- C. If the application is denied, a notice of denial shall be sent to the applicant within ten days following the denial. The notice shall state the reasons for denial.
- D. If the application is approved, on or before April 1, following approval, the City of Florence shall file with the County Assessor and send to the applicant at the applicant's last known address a copy of the resolution approving the application. In addition, for each application which is approved, the City of Florence shall file with the County Assessor on or before April 1 following approval, a document listing the same information otherwise required to be in a resolution approving an application under this Chapter.

**1-17-8: Termination:**

- A. If, after an application has been approved, the City of Florence finds that construction of multiple-unit housing was not completed on or before the deadline for actions required for exemptions specified in ORS 307.637, or that any provision of this Chapter is not being complied with, or any agreement made by the owner or requirement made by the Council is not being or has not been complied with, the City of Florence shall send a notice of termination of the exemption to the owner's last known address.
- B. The notice of termination shall state the reasons for the proposed termination, and shall require the owner to appear before the Council at a specific time, not less than 30 days after mailing the notice, to show cause, if any, why the exemption should not be terminated.
- C. If the owner fails to appear and show cause why the exemption should not be terminated, the City of Florence shall further notify every known lender and shall allow the lender a period of not less than 30 days, beginning with the date that the notice of failure to appear and show cause is mailed to the lender, to cure any noncompliance or to provide assurance that is adequate, as determined by the City of Florence to assure the City that the noncompliance will be remedied.
- D. If the owner fails to appear and show cause why the exemption should not be terminated, and a lender fails to cure or give adequate assurance that any noncompliance will be cured, the Council shall adopt a resolution stating its findings and terminating the exemption. A copy of the resolution shall be filed with the County Assessor and a copy sent to the owner at the owner's last known address, and to any lender at the lender's last known address, within ten days after its adoption.

**1-17-9: Extensions:** Notwithstanding FCC 1-17-8, if the Council finds that construction, or addition of, or conversion to, the multiple-unit housing was not completed by the deadline for actions required for exemptions specified in ORS



307.637, due to circumstances beyond the control of the owner, and that the owner has been acting and could reasonably be expected to act in good faith and with due diligence, the Council may extend the deadline for completion of construction for a period not to exceed 12 consecutive months.