

**CITY OF FLORENCE
RESOLUTION NO. 39, SERIES 2021**

**A RESOLUTION ADOPTING GUIDANCE FOR THE IMPLEMENTATION OF
A MULTIPLE-UNIT PROPERTY TAX EXEMPTION PROGRAM**

RECITALS:

1. 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.
2. By ordinance adopted by the City Council, the City adopted a multi-unit property tax exemption program under Florence City Code Chapter 1-17.
3. To aid City staff and program applicants, the City Council finds that it is wise to supplement the City Code provisions with a guidance document that will provide details on how applications should be processed.
4. Florence City Code Chapter 1, Section 17-7 states that the City Council will review the application and approve it, if it finds it in accordance with the standards and guidelines adopted by resolution of the Council.

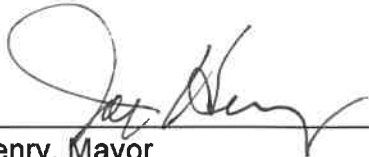
Based on these findings,

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

1. The Florence multiple-unit tax exemption program standards and guidelines document, as shown in Exhibit A, is hereby adopted.
2. 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.
3. The City Council adopts the fee in the amount of Nine-Hundred and Seventy (970) Dollars for 2022.
4. This Resolution takes effect immediately upon adoption.

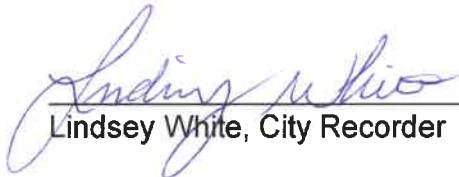
ADOPTION:

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



Joe Henry, Mayor

Attest:



Lindsey White, City Recorder

City of Florence

Multi-Unit Property Tax Exemption Program

Standards and Guidelines



Introduction:

The following administrative guidance is designed for staff to use in analyzing applications for the Multi-Unit Property Tax Exemption (MUPTe) Program and making recommendations to the City Council about their approval or denial. In addition, Florence City Code Title 1, Chapter 17, Section 7 states that the City Council will review the application and decide if it finds it in accordance with the standards and guidelines adopted by resolution of the Council. The *MUPTe Program Standard and Guidelines* adopted by Council resolution serves this purpose. The Standards and Guidelines draws on, but does not expand the underlying concepts articulated in the state statute, ORS 307.600-637, and the Florence City Code (FCC) Title 1, Chapter 17.

The *Standards* section reiterates the minimum application and program participation requirements for both the applicants and the City. The *Guidelines* section discusses how to determine the degree to which the applicant's proposal will meet the intent of the program. This document should be reviewed and revised periodically, as needed.

Standards:

1. Eligibility

- a. Financial need for the exemption – the project could not be 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. (See FCC 1-17-2-A for more information)
- b. Multi-unit housing proposal must include at least three dwelling units
- c. Transient accommodations that are rented for less than 30 consecutive days like hotels or motels do not qualify
- d. The project must be located on property within ¼ mile of fixed route transit service (see transit-oriented district map)
- e. The project must include at least three public benefits as outline in the MUPTe code (FCC 1-17). Because these benefits are broadly defined, staff should use the *Guidelines* section of this document to weigh the value of the proposed project to the public against the loss of public revenue.
- f. Unless a project is specifically extended, the work must occur entirely within the program window established by the state statute, i.e. built after January 1, 2012 and completed on or before July 1, 2032.

2. Mandatory Preapplication Conference

- a. The purpose of the preapplication conference is to determine eligibility, convey information about the program, and give the potential applicant preliminary feedback about the staff's likely recommendation to the City Council based on the materials submitted.
- b. A preapplication conference must be requested before December 31 of the year prior to the calendar year in which the tax benefit is sought, e.g. an applicant seeking benefit beginning in 2023 must request a preapplication conference before December 31, 2022.
- c. The submission requirements for a preapplication conference are outlined in FCC 1-17-3-A and on the preapplication form. Preapplications containing all the required information but not submitted on department forms should be accepted.
- d. Staff should review the preapplication submission, and prior to meeting with the applicant, consult with other potentially interested parties e.g. departments, agencies, advisory bodies, etc. Concerns expressed by these parties should be conveyed to the applicant at the conference. However, it should be stressed to the applicant that approval of a Multi-Unit Housing Tax Exemption application in no way implies approval of the project by any other public agency or department having jurisdiction over the project.

3. Application Procedure:

- a. A complete application must be received by February 1 of the year in which the tax benefit is sought e.g. an applicant seeking benefit beginning in 2022 must submit an application no later than February 1, 2022.
- b. The submission requirements for a complete application are outlined in FCC 1-17-4 and on the application, form made available by the City of Florence. It is important for submissions to be complete and made on the official form. Minor omissions can be rectified after an application is accepted, but substantially incomplete applications should be returned without accepting the fee.
- c. As of February 1, 2022, the application fee for the enacting 2022 calendar year the fee is \$970. Thereafter, the MUPTE Program Application Fee will be listed in the City's Fee Schedule and adopted by resolution.
- d. Pursuant to ORS 307.660 (4), if the application is approved, the City, after first deducting expenses attributable to its own administrative costs, conveys the application fee to the County Assessor for deposit in the County General Fund. If the application is denied, the City retains that portion of the fee attributable to its administrative costs and refunds the balance to the applicant.

4. Application Review and Decision

- a. Staff should recommend approval, denial, or approval with reasonable conditions, based on the criteria outlined in FCC 1-17-4 and FCC 1-17-5 to the City Council. An analysis comparing the relative values of the public benefit provided and the foregone taxes should be provided as part of the recommendation. Because some of the public benefit categories are not easy to quantify, the Guidance section of this document provides discussion of the intent of the program.
- b. The City Council, at its discretion, may hold a public hearing, and shall make its decision in the form of a resolution, as an approval, an approval with reasonable conditions, or a denial, within 180 days of accepting the application. The resolution must include the owners name and address, a description of the proposed housing, either a legal description or the assessor's parcel number, and any specific conditions on which the approval is based. Resolutions require significant lead time for legal review.
- c. Applications not acted upon within 180 days of receipt are automatically approved.
- d. If the application is denied, a notice of denial stating the reasons for denial, must be sent to the applicant within ten days.
- e. For approved applications, a notice of approval must be sent to the applicant on or before April 1 following approval. The same document must be sent to the county assessor along with a copy of the complete application and the adopted resolution approving the application.
- f. Qualified improvements under this program will be exempt from ad valorem taxation for no more than ten successive years.

5. Termination

- a. If the City of Florence finds the project has not been completed by the date established in ORS 307.637, or that any conditions of the approval are not being met, the City Manager shall send the owner of the property a notice of termination of the exemption.
- b. The notice will list the reasons for termination and require the owner to appear before the City Council within thirty days to show cause why the exemption should not be terminated.
- c. If the owner does not appear and show cause, the Director will send the notice of termination to all known lenders and allow them thirty days to cure noncompliance or show, to the satisfaction of the Director, how it will be cured in a reasonable amount of time.
- d. If neither the owner nor any lenders show cause why the exemption should not be terminated, the City Council will adopt a resolution stating findings and terminating the exemption. Copies of the adopted resolution will be sent to the owner and the county assessor within ten days of adoption.

6. Extensions

- a. If the City Council finds that, owing to circumstances beyond the control of an owner who is acting in good faith, the multi-unit housing cannot be completed by the date in the ORS 307.637, it may grant an exception of up to one year.

Guidelines:

These materials provide research background for staff in preparing recommendations to the City Council on applications for the Multi-Unit Property Tax Exemption program. It is important to keep the original mass transit supportive intent of the statute in mind, as expressed in ORS 307.600(1)-(5) and the local enabling ordinance. The program is basically established as a balanced exchange of public benefit for an exemption from future property taxation, so recommendations should, to the extent practicable, determine and clearly layout those relative values. Proposals for the MUPT program will be required to provide at least three of the public benefits as listed below.

- 1) The following discussion points are organized around the allowed forms of public benefits as listed in Florence City Code FCC 1-17-5, which the applicant must provide for in their proposal. Some of these benefits are intangible or difficult to quantify. In these cases, staff should nonetheless include discussion in the recommendation. Note that the public benefit does not necessarily have to be open to the public at large.
 - a) Units at sales prices or rental rates which are accessible to a broad income range of the general public. There are two ways the intent of this benefit could be met: by providing a variety of differently valued units within a development, or by providing units in a value range not well represented, as determined by economic studies or market analysis.
 - b) Parks & Recreation Facilities. This would apply to the provision of park or recreation facilities over any required minimum open space (private or common). The term "recreation facility" is not defined, but given the other possible public benefits, should be construed rather narrowly to exclude entertainment venues like bingo halls or theaters.
 - c) Open Spaces. This would apply to the provision of open spaces over any required by code (private or common). Generally, these are thought of as occurring at ground level but roof gardens are also considered open spaces.
 - d) Common Meeting Rooms. This would not refer to a conference room internal to a business, but rather one that is available for rent or free use by any group.
 - e) Childcare Facilities. Childcare facilities would be acceptable as benefits, assuming the underlying zoning allowed for them.
 - f) Facilities supportive of the arts. This broadly stated category can be construed to include facilities like galleries, performance venues, offices for cultural groups, theatres, etc. It could also be fulfilled by the installation of sculptures, murals, or other forms of public art.

- g) Facilities for people with disabilities. This should not be construed as simply providing compliance with ADA code requirements or other required minimum standards by Florence City Code. It would apply to provisions above and beyond those required by the code, such as including fully accessible dwelling units.
- h) Special Architectural Features. This very broad category is difficult to interpret, and again the burden of proof lies with the proponent. It could be construed to include such things as the use of extraordinary materials, or the restoration of missing historical features based on photographic or physical evidence.
- i) Dedication of Land or Facilities for Public Use. As used here, the term “public use” refers to dedications like park land or path right-of-way.
- j) Development or redevelopment of underutilized or blighted property: The terms underutilized and blighted are somewhat subjective. Applicants should supply their reasoning in deciding that the subject property is blighted or underutilized.
- k) Provision of pedestrian-oriented design features. As typically used the term “pedestrian-oriented” includes such amenities such as storefronts, sidewalk seating, drinking fountains, dedicated pathways, pedestrian crossing treatments, wayfinding, etc.
- l) Development in structures that may include ground level commercial space. This would apply to the dedication of the majority of the first floor as commercial (beyond the minimum required by Code).
- m) Development on sites with existing single-story commercial structures. This is for instances where the property only has commercial facilities currently and the project would be adding residential facilities.
- n) Leadership in Energy and Environmental Design (LEED) Certification of the project. Commonly referred to as LEED certification, note that the designation is available at several different levels, e.g. platinum, gold, silver, bronze, of variant value as a public benefit. The applicant should provide preliminary certification in support of a claim under this category.
- o) Inclusion of Additional Tenant Amenities: Inclusion of Laundry, Storage or Covered Parking facilities on-site.
- p) 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: Projects that are receiving additional financial or technical assistance to provide low-income housing
 - i. For projects proposing affordable housing using this Public Good Benefit, the Council may weigh the factor as providing two public benefits depending on the extent of affordable housing options being proposed.