



VERTICAL HOUSING TAX CREDIT PROGRAM

The Vertical Housing Tax Credit Program is a State-wide incentive for developers to build multi-story, mixed-use residential buildings in key areas called Vertical Housing Development Zones.

Developments that qualify for the Vertical Housing Tax Credit receive up to a 10-year partial tax exemption on increased improvement values for new construction or rehabilitation. Each residential floor above a commercial ground floor receives up to a 20% property tax reduction (but each building/project can include no more than of four residential floors, or 80% property tax reduction) based on the participation of all tax districts.

Qualifying projects must meet the following criteria:

- Project must be located within the City's Vertical Housing Development Zone, include one or more equalized residential floors, and must be comprised of at least one multiple-story building.
- At least 50 percent of the project's ground floor that fronts on the primary public street must be committed to nonresidential use.
- For the project's ground floor to be considered committed to nonresidential use, all ground floor interior spaces that front on the primary public street must be constructed to building code standards for commercial use, are planned for commercial use and/or live-work use upon completion, or both.
- The project application must be received by the City prior to the date listed on the certificate of occupancy. For rehabilitation not involving tenant displacement, the project application must be filed before the rehabilitation work is complete.
- A one-time, application Fee of \$650 is required at the time of initial application.
- There is no annual monitoring fee, but a compliance form is required to be submitted and collected annually by December 31 for each year of exemption to guarantee continuing compliance.

Developers considering a vertical housing project within the Klamath Falls VHDZ, please contact:
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Vertical Housing Development Zone

