



Testimony by City of Wilsonville Mayor Shawn O'Neil Supporting HB 2074:

Proposed Legislation Extends Sunset of the Vertical Housing Development Zone (VHDZ) Program that Encourages Mixed-Use Commercial/Residential Developments that Produce More Affordable Housing Opportunities

Scheduled for public hearing on Feb. 4, 2025, before
the House Committee on Revenue

Chair Nathanson, Vice-Chairs Reschke and Walters, and Members of the Committee:

I am testifying in strong support of HB 2074, which extends the sunset date for the partial property-tax exemption for Vertical Housing Development Zone (VHDZ) projects.

The Wilsonville City Council has approved two VHDZ programs for the Villebois Village Center and Town Center, both areas where developers have indicated that building a mixed-use development is financially unfeasible without the VHDZ program. The Town Center and Villebois Village Center areas, which are targeted for mixed-use developments, are long-term projects that will take years to advance; hence, extending the sunset is critical to advance significant community developments.

Since the VHDZ program has no negative financial impacts on State revenue collection, the legislature should have no problem with extending the program, which financially impacts only the sponsoring jurisdiction. Furthermore, mixed-use developments tend to produce more affordable housing, which is a State goal.

The first mixed-use commercial/ residential project proposed in the Wilsonville Town Center VHDZ features a five-story, 114-unit multi-family residential complex with 4,200 square feet of retail space located on the ground floor, along with a few residences. The upper floors consist entirely of “middle housing” residential units and amenities. Of the building’s 114 residential units, 70 are one-bedroom/one-bathroom apartments, 37 are studio apartments and seven are two-bedroom/two-bathroom apartments.

The City of Wilsonville appreciates your consideration and urges a Do-Pass vote on HB 2074. Attached is a flyer that provides more information on our use of the VHDZ program.

Shawn O'Neil, Mayor
City of Wilsonville



Vertical Housing Development Zone

Tax Abatement Incentive Program for Mixed-Use Projects in Town Center

The Wilsonville Vertical Housing Development Zone (VHDZ) program offers eligible development projects a partial tax abatement for a period of 10 years. A 20% abatement on new assessed building value applies for every residential floor, up to an 80% abatement.*

10 yrs

Abatement Period

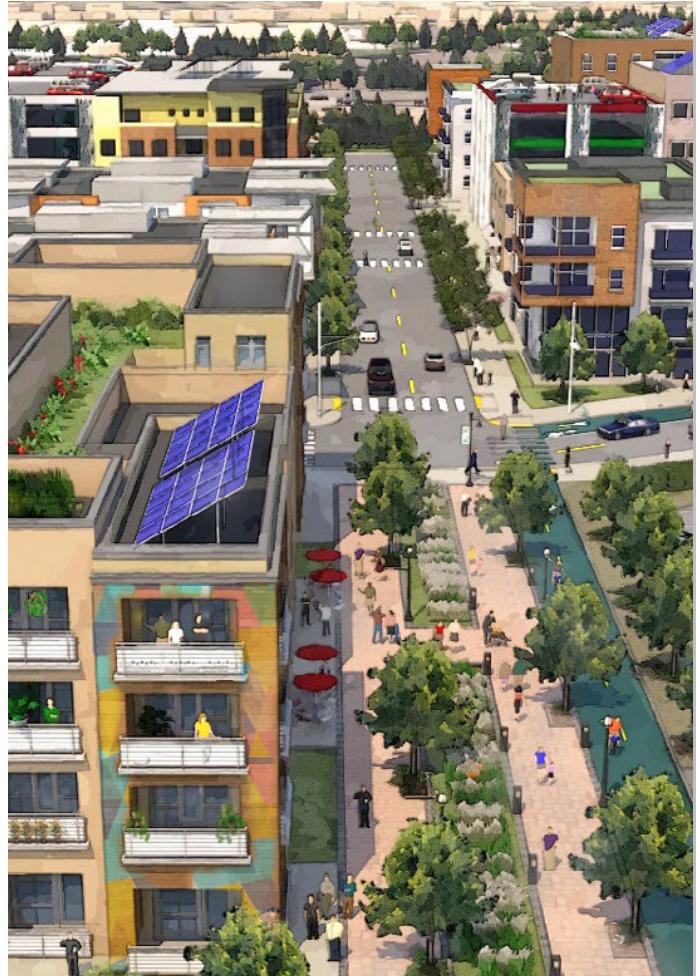
80%

Maximum Abatement

Project eligibility basics*:

- » Located entirely within the designated VHDZ boundary
- » At least 50 percent of the ground floor that fronts the primary public street must be committed to non-residential use.
 - All ground floor interior spaces facing the primary public street meet building code standards for commercial use.
- » At least one commercial/community use on the ground floor
- » At least one floor of residential above the ground floor

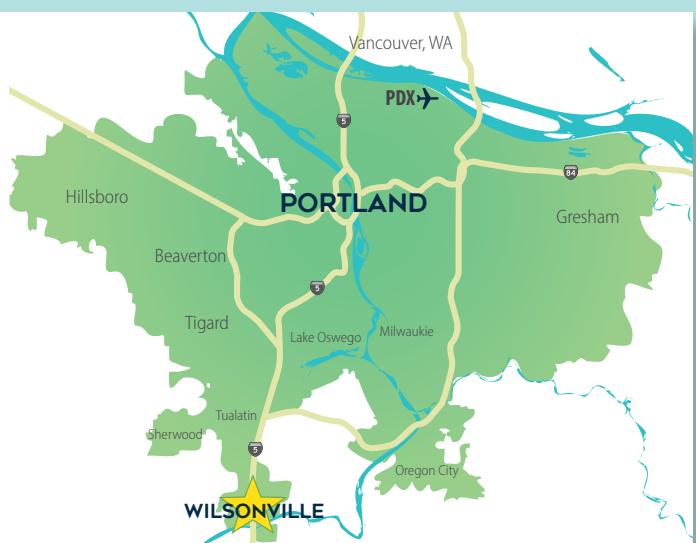
*additional program details on the reverse



Wilsonville, Oregon

With a population over 27,000, Wilsonville is the 4th fastest-growing city in Oregon among mid-sized cities. It is also the dual-gateway to both the verdant Willamette Valley to the south, and the Portland MSA to the north. It is a hub of the regional economy, with over 22,000 jobs. Wilsonville's location on Interstate 5 makes it a great place to both live and do business.

The Wilsonville Equitable Housing Strategic Plan (2020) indicates there will be sustained demand for smaller and diverse types of housing well into the future.





WilsonvilleTownCenter.com

This area has long been the commercial hub of Wilsonville, but its current form is auto-centric. In 2019, after robust community input, the Town Center Plan was adopted by City leaders. The document creates a framework and action plan for a new Town Center—"a vibrant, walkable destination that inspires people to come together and socialize, shop, live, and work." Whereas surface parking dominates the landscape today, multi-story mixed-use buildings centered around a north-south Main Street anchor the new Town Center. Implementing zoning and regulations, development incentives and public infrastructure investments will bring this vision into reality.

Vertical Housing Development Zone in Town Center



Typical Process*

1. Meet with staff to determine eligibility
2. Complete and submit application
3. Conditional approval
4. Construction of project
5. Final certification & Notice to Assessor
6. Tax-exemption period begins
7. Project operation and compliance

* Land-use and building permits are independent processes.

Additional program details:

- » Application materials, as well as full program rules and guidelines, including Oregon statutes governing Vertical Housing Development Zones throughout the state can be found at ci.wilsonville.or.us/vhdz
- » Local Criteria: In addition to the project certification requirements under ORS 307.858 related to ground floor nonresidential use, the City of Wilsonville has additional local criteria, which can be found at the link above. Briefly:
 - Direct street access is required.
 - The ground floor must meet all applicable design standards for commercial/mixed-use ground floor spaces and storefront design.
 - Live/work space can be deemed non-residential under certain conditions.
 - At least one commercial or community-serving space that meets certain conditions is required.



Staff Contact

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