

May 28, 2015

Honorable Mark Hass, Chair
Senate Committee on Finance and Revenue
900 Court St. NE
Salem, Or 97301

Re: House Bill 2126 Extension of Vertical Housing Development Zone program

Dear Chair Barnhart and Members of the Revenue Committee:

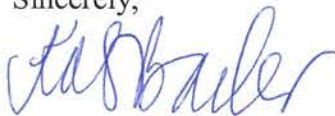
I am writing to express our support of HB 2126 which extends the sunset of the Vertical Housing Development Zone (VHDZ) program and defines “nonresidential use” to better meet the intent of the legislature to support live-work and other mixed-use projects. This local property tax exemption is an important economic development tool that will help revitalize cities across the region.

Mixed-use and higher density housing located within the suburban context creates public benefits that are well documented, but the costs associated with such development make them difficult for the private sector to finance and construct without public investment. We have worked with the Metro Transit Oriented Development (TOD) Program on these types of development projects in Portland and they have been an excellent partner. However, in the suburban and rural areas, more options are needed to create viable projects, and that is where the VHDZ program is so critical.

We are currently working to get the 1st and Angel site in Old Town Beaverton under construction this year. Without the VHDZ program and Metro TOD program, the project as designed doesn’t pencil out. While the TOD funds help with initial equity, paying full property taxes is key to causing us to redesign the building into a smaller townhome project without retail, remove aesthetic features from the building or charge rents that are above market. None of which help foster a dynamic downtown district in Beaverton. The VHDZ tax exemption is what allows a project to pencil out with nonprofit and for-profit developers.

As a developer focusing on opportunities in suburban Washington, Multnomah and Clackamas County locations, it is clear to us that local public investments via the VHDZ program should be continued. The public investment encourages developers to build projects that exceed public and private goals and work to improve densities. With suburban rents significantly lagging those in Portland and ongoing increases in construction costs, the VHDZ program should be extended to encourage growth within these suburban cores. We fully support HB 2126 and urge you to pass this important piece of legislature.

Sincerely,



Kali S. Bader
Vice President