



SB 141 Supports Maximum Housing Potential in Vertical Housing Development Zones

Background:

- The Vertical Housing Development Zone program (VHDZ) is a state-created, local-option, locally administered program to encourage increased housing density with mixed-use development/redevelopment in specific, locally designated areas.
- The incentive is an abatement of property taxes on the improvements (not land), with 20% abatement of the improvement per equalized floor, up to 80% abatement total (four equalized) floors. The ground floor must have commercial.
- For those looking to add affordability to the project, an additional 20% abatement of *land* property taxes is allowed for each floor of 60% AMI affordability (60-year duration) within the project.

The Problem:

Current state statutes limit the abatement threshold to a *full* equalized floor, so if a project calculated out to 3.99 floors, only 60% abatement is given (as if there were only 3 floors), not nearly 80% for the nearly four floors of the improvement. This discourages projects to fully develop housing as a part of the VHDZ.

SB 141:

- Revises state statutes to allow abatement (on improvement or land) to reflect *actual* equalized floors (full or partial) through a straight equalized floor calculation (e.g. .35 equalized floor=.35 of 20% abatement.)
- Removes disincentives to maximizing development in any project without granting more in abatements than is actually developed (i.e. not rounding down or rounding up.)
- Applies to future projects and future tax years (for existing projects) after enactment.