



Home Builders Association
of Metropolitan Portland

November 1, 2021

Mayor Fitzgerald
Wilsonville City Council
29799 Town Center Loop E
Wilsonville, OR 97070

Subject: Vertical Housing Development Zones – Nov. 1 Pre-Council Work Session Item A.

Dear Mayor Fitzgerald and Councilors:

The Home Builders Association of Metropolitan Portland (“HBA”) represents over 1400 companies and tens of thousands of women and men who work in the residential building and remodeling industries throughout the greater Portland area. We work to promote housing affordability and are dedicated to maximizing housing choice for all who reside in the region.

HBA strongly supports the City of Wilsonville (“the City”) applying Vertical Housing Development Zones (VHDZ) in both the Downtown District and Villebois. As a member of the Equitable Housing Strategic Plan Task Force, HBA championed the VHDZ as a tool the City can use to support the production of housing supply, diversity and affordability. Most recently, HBA recommended and supported the City of Estacada’s adoption of a VHDZ in its downtown district.

The City also has a history of supporting VHDZ. During the 2021 legislative session, the City provided public testimony in the form of a letter supporting Senate Bill 141, which became effective September 25, 2021, and provides tax abatement calculation changes for VHDZ projects. The bill strengthens the existing incentive to include additional housing units in projects, by updating the current methodology so that partial floors are counted toward the abatement. This calculation change has the opportunity to yield more housing while ensuring project feasibility.

Because qualifying VHDZ projects include both residential and non-residential uses, **HBA recommends that the City use VHDZ in conjunction with other commercial economic development tools, to incentivize mixed-use projects’ ground-floor uses.**

Using each tool’s comparative advantage, the City can in turn ensure the most financial gain over time. In the case of the Villebois Village Center, which is located within the City’s Urban Renewal Area West Side District, the City utilized TIF to largely fund both the on and off-site infrastructure required to build out the entire Villebois Master Plan. This allowed for critical public facilities development to buttress additional housing and tax base within the City.

Because attracting anchor tenants to Villebois has proven more challenging than originally expected, **HBA encourages the City to leverage both residential and commercial economic development tools – including, but not limited to, Tax Increment Financing (TIF), tenant improvement grants or partial system development charge waivers – to ensure successful commercial tenancy in the remaining Village Center’s mixed use development.** Using the tools

together allows the City to provide the incentives necessary to attract long-term public-facing tenants while continuing to meet its housing needs.

A VHDZ typically maximizes its financial incentive with a ‘four-over-one’ structure, i.e. four stories of residential over one story of commercial/non-residential. This is because each floor can receive up to 20% tax abatement, with a maximum of 80%.

Given the V, C-MU, MSD, and N-MU land use designations already allow for 4-5 story buildings, they are the best positioned to yield the most incentive. **As such, HBA encourages the City to apply a VHDZ to the Villebois Village Center (V zone), as well as broadly to the Commercial – Mixed-Use (C-MU), Main Street District (MSD), and Neighborhood- Mixed Use (N-MU) land use designations.**

Moreover, because the region faces a historic housing deficit, no land use designation should preclude residential units based on the project location, such as adjacent to the freeway. Given limited land constraints and years-long timelines from initial development approval to completed construction, providing homes at varying locations and price points is crucial for those seeking housing. **Therefore, HBA recommends allowing the market to dictate where units will be built on a particular site, in order to achieve units with multiple affordability levels.**

Predictability is an important component to attracting mixed-use development to a community. For Villebois, which is not situated in the same urban setting as the City’s Town Center, certainty of project process and qualifications will be critical to attracting anchor tenants and realizing VHDZ projects. Similarly, in Town Center – which simply by its location yields higher volume ‘foot’ and transit traffic – clear project criteria can keep projects moving and minimize temporary aesthetic and transportation interruptions. **In the spirit of future housing in both locations, HBA urges the City to adopt clear and objective standards for VHDZ projects.**

HBA supports VHDZ as a financial tool that offers the City and overlapping tax districts the chance to forego tax revenue in the short-term in order to realize future prosperity. Through previous TIF, Wilsonville has set remarkable precedent for delaying full tax collection in order to realize mid and long-term net gain throughout the City. Applying both residential and non-residential economic development tools is a sophisticated solution for Wilsonville’s much-anticipated mixed-use projects.

Sincerely,

A handwritten signature in blue ink, appearing to read "Roseann Johnson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Roseann Johnson

Cc: Kristin Akervall, Council President
Charlotte Lehan, Councilor
Joann Linville, Councilor
Ben West, Councilor
City Recorder