

City of Wood Village

Vertical Housing Development Zone

The Oregon Vertical Housing Program:

The State of Oregon offers financial incentives to stimulate mixed use vertical housing development projects. These mixed use projects are generally commercial on the bottom floor and residential units on upper floors. The Vertical Housing Development Zone (VHDZ) offers a certain percentage of property tax exemption for a ten year period. The greater the number of floors of residential units built, the greater the percentage of property tax exemption. The VHDZ can also qualify for a low income housing tax exemption if the rent is established for an income of 80% or less of the median area income. The developer has to apply for the low income housing exemption at the time of application for the VHDZ property tax exemption.

The Wood Village Vertical Housing Development Zone:

The Wood Village City Council approved applying to the State for a VHDZ designation and this was approved by the Oregon Housing and Community Services Department in November 2009. This proposed zone met the transportation and development standards required by statute. The City can apply to the state at any time to expand or eliminate the zone. There is a provision for special taxing districts to opt out of the VHDZ. This can change the property tax exemption that the owner receives. No special taxing district elected to opt out of the Wood Village VHDZ when it was created and approved by the state. The VHDZ also does not override any of the building codes, zoning regulations, or local design standards.

How the Vertical Housing Development Zone Works:

Eligible projects must meet the following minimum requirements to be approved for property tax exemption:

- Must be comprised of a multiple story building or a group of buildings which include at least one multiple story building;
- Include a portion of residential and non residential uses; and
- All buildings must either be new or rehabilitated to qualify.

When a developer or owner wants to build in the zone and wants the property tax exemption, an application must be sent directly to the state. The state decides whether the project is eligible, and as long as the project follows the guidelines, the project will be approved. The amount of property tax exemption on the improvements is calculated as follows:

- 20% for one floor of housing
- 40% for two floors of housing
- 60% for three floors of housing
- 80% for four or more floors of housing

The property tax exemptions are good for a 10-year period. The property tax exemption is available to the owner if the units are rented. If the units are sold, then the new owner receives the exemption. This property tax exemption benefit could also provide the incentive for a higher selling price and/or a quicker sale of the units.

For more information on the Wood Village Vertical Housing Development Zone, please contact administration at (503) 667-6211 or:

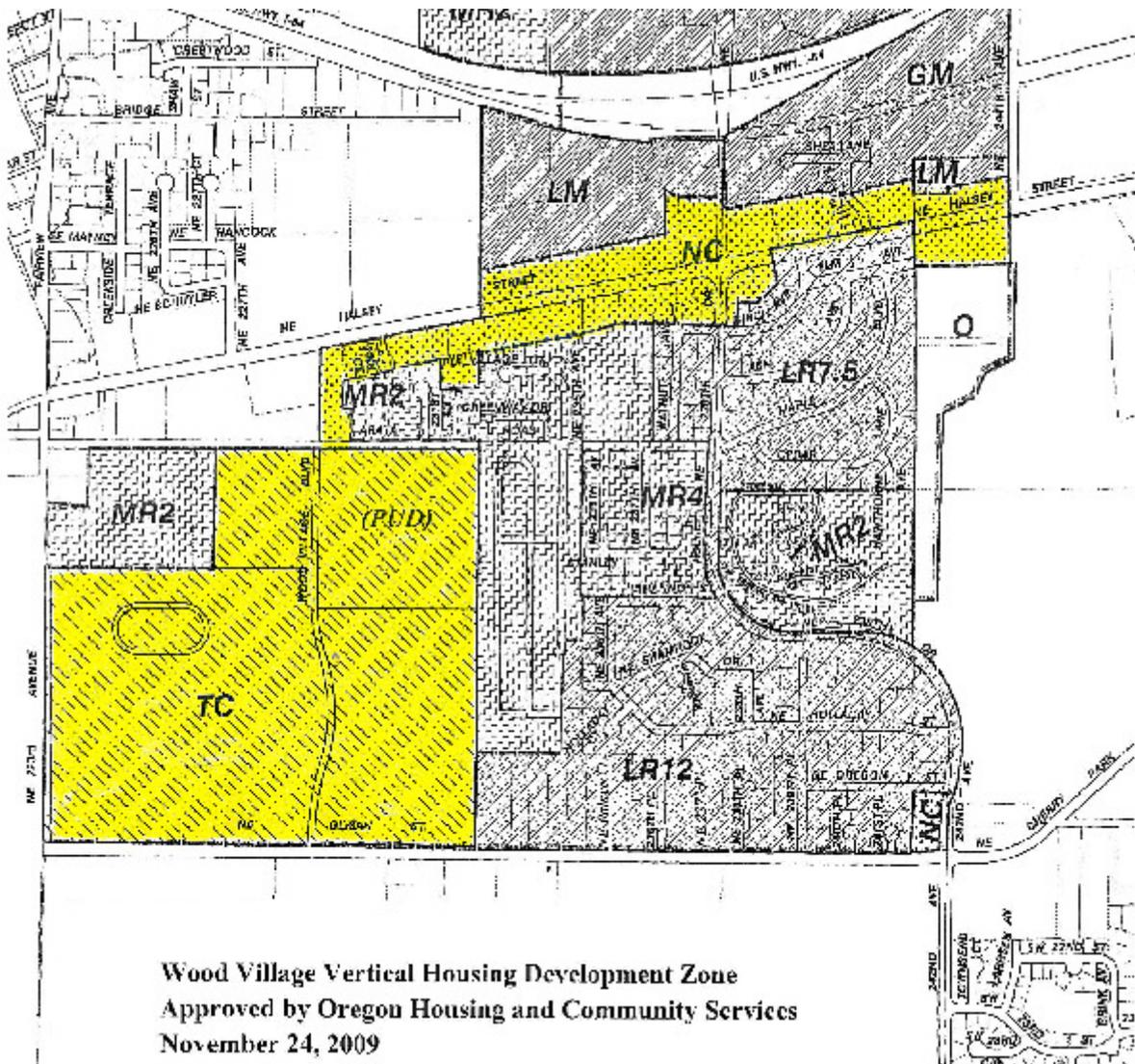
Oregon Housing and Community Services

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http://www.ohcs.oregon.gov/ohcs/hfs_verticalhousingprogram.shtml



Wood Village Vertical Housing Development Zone
 Approved by Oregon Housing and Community Services
 November 24, 2009