



OREGON CITY'S VERTICAL HOUSING DEVELOPMENT ZONE PROGRAM

The VHDZ provides qualified development projects a 10-year property tax exemption on the value of new construction or rehabilitation for 20 percent per residential floor above a commercial ground floor with total exemption limited to no more than 80 percent. Additional exemption may be available for projects with affordable housing.

Oregon City's goals for the vertical housing program include:

- Helping fulfill multiple city policies to incentivize higher density, mixed-use and transit-oriented development in our core and adjacent to light rail transit;
- Increasing assessed value throughout these areas;
- Increasing the number of residents living downtown that will shop, dine and patronize local businesses;
- Increasing the number of retail and office business opportunities in response to future residential growth;
- Increasing housing affordability and access to affordable housing; and
- Encouraging sustainable construction.

PROJECT ELIGIBILITY

Qualified new development projects within a VHDZ are eligible to receive a 10-year property tax exemption on the value of new construction or rehabilitation for 20 percent per residential floor for the first four floors above ground floor commercial. Total property tax abatement of the new construction is limited to no more than 80 percent. However, if the developer builds some or all affordable housing at 80 percent of median family income or below, an additional partial property tax exemption on the land may be given.

The exemption applies to all taxing jurisdictions that did not opt out when the zone was established. After 10 years, the full value of the project is placed upon the tax rolls. Property taxes on existing land for projects with no affordable housing, and at least 20 percent of the new construction, are preserved.

OREGON CITY CRITERIA

For the standard 10-year vertical housing exemption, the following criteria must be met:

- Project must be entirely located within the VHDZ.
- Project must include one or more equalized floors.
- Project must be comprised of a multiple-story building, or group of buildings including at least one multiple-story building, so that a portion of the project is to

be used for non-residential uses and a portion of the project is to be used for residential use:

- At least 50 percent of the project's ground floor that fronts on the primary public street must be committed to nonresidential use. If a project has access to only one public street, the square footage of driveways, loading docks, bike storage, garbage receptacles and building entryways shall be excluded before applying the 50 percent test.
- For the project's ground floor to be considered committed to nonresidential use, all ground floor interior spaces that front on the primary public street must be constructed to building code standards for commercial use, are planned for commercial use and/or live work use upon completion, or both.
- The project application must be received by the City before the residential units are ready for occupancy (certificate of occupancy). For rehabilitation not involving tenant displacement, the project application must be filed before the rehabilitation work is complete.

The Oregon City requires that all buildings or major rehabilitation approved through the VHDZ program meet a green building certification level and associated use standards set within Oregon City's Municipal Code Title 19 based on the date of land use approval.

Fees

Fees are subject to change annually and the City may request verification of total project costs.

- An Application Fee of \$550.00 is required.
- An annual monitoring fee of \$150.00 is collected on or before December 31.
- A financial and occupancy report of the property in question is required at the end of each year.