



March 21, 2023

House Revenue Committee
Oregon State Legislature
900 Court St. NE
Salem, OR 97301

RE: City of Beaverton Opposes HB 3039 as Introduced

Dear Chair Nathanson, Vice-chairs Walters and Reschke, and Members of the Committee:

The City of Beaverton appreciates the opportunity to share our concerns with HB 3039 as introduced, which would disconnect Oregon from the federal Opportunity Zone (OZ) program by adding back into Oregon tax any exclusion of federal taxes for capital gain and thereby limit its effectiveness as a catalytic economic development tool in key areas of Beaverton.

Beaverton has two opportunity zones and is carefully planning redevelopment on several city-owned sites within these zones. In 2017, nearly 18% of residents, including 24% of children, were living in poverty in these zones—figures that exceed the state and Portland MSA averages. Median family income in this area was also 41% below the Portland MSA average.

The Beaverton Urban Redevelopment Agency (BURA) currently owns five strategic redevelopment sites totaling 8.59 acres within Beaverton's OZ areas. All these sites are in Downtown Beaverton's RC-BC zone (Regional Center – Beaverton Central) and RC-MU zone (Regional Center – Mixed Use).

Each of these city-owned sites—and other sites in these zones—will play a key role in catalyzing mixed-use redevelopment, attracting investment into Beaverton's urban renewal area, and achieving community benefits and equity objectives. This includes Beaverton's acquisition of parcels from willing sellers for the purpose of assembling properties into feasible sites for development or redevelopment, thereby increasing productive use of low-density land into transit-oriented, mixed-use, affordable housing, and commercial development to provide for the City's range of housing and commercial needs and office development that encourages a range of job opportunities near walkable areas with local services.

The sites have a variety of characteristics that could include community benefits, as well as housing, jobs, open space, and climate friendly transportation options, if we have the needed incentives, such as private investment through the Opportunity Zone program.

All of the properties are generally located within the core of the Beaverton Central District along the light rail alignment. Given the cost of higher density construction being planned for these sites, OZ is a critical tool for incentivizing high density development that meets Beaverton's community objectives around climate, equity, and affordable access to housing and employment.

If Oregon investors can't access the full benefits of the OZ program, they won't liquidate existing stocks and property to invest in Oregon Opportunity Zones. Without that investment, there isn't an upside/revenue to the state or property tax increase locally; the funds will simply stay in the existing holdings and not be sold or subject to capital gains at all.

HB 3039 will limit this targeted, important tool and discourage Oregon taxpayers from making the kind of transformative investments that are planned for Central Beaverton.

Sincerely,

A handwritten signature in black ink that reads "Lacey Beaty". The signature is written in a cursive, flowing style.

Lacey Beaty
Mayor