



February 4, 2025
House Committee on Revenue
900 Court St. NE
Salem, OR 97301

RE: Support for Housing Property Tax Exemption Renewals (HB 2074, HB 2077, and HB 2078)

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

The City of Hillsboro has utilized the Vertical Housing Development Zone (VHDZ) program with success in recent history as an incentive for redevelopment in our Downtown and Orenco Station neighborhoods. The VHDZ program is an important state authorized incentive that aids communities in revitalizing neighborhoods with mixed use development opportunities. Hillsboro has supported legislative changes in previous sessions that provided for local administration over the VHDZ program and more recent changes (SB 141, 2021) that improved the overall incentive and made the program more flexible. The VHDZ program is a component of Hillsboro's housing production strategy (HPS) and a critical tool to enable additional affordable and middle-income housing development, such as the Block 67 project in Downtown Hillsboro which will deliver more than 330 housing units for those earning less than 80% of the area median income. Extending the sunset now provides both cities and developers with needed certainty to enable the success of both individual developments and our HPS.

Similarly, Hillsboro supports extending the sunset on the non-profit affordable housing tax exemption program (HB 2077). Hillsboro has adopted the non-profit affordable housing tax exemption to help bolster affordable housing development, benefit residents, and preserve existing eligible properties. Now entering its seventh year of administering the program, the City in the past year approved 14 properties eligible for the exemption, totaling 629 affordable units owned and operated by six nonprofit sponsors. Nonprofit owners cite that the program enables them to enhance or expand resident services such as educational programs, information and referrals, and homeownership asset building courses. Nonprofit sponsors have also indicated that the property tax savings will help provide critical funding for operations, maintenance and improvements at the properties such as improved laundry facilities, new resources in community rooms, upgraded play equipment and other investments for residents. This program, combined with funding from the regional affordable housing bond measure, has also been crucial in the financing of successful affordable housing developments.

Although Hillsboro has not adopted the multi-unit tax exemption program, we will be exploring the possibility of utilizing the program as part of our HPS implementation and therefore support HB 2078, which extends the sunset on another important local option tool. MUPTE and VHDZ programs can promote the development of income-restricted units within market-rate developments. This would help reduce housing disparities for marginalized populations and open a new pathway for meeting low- and middle-income housing need. As our community continues to build out and implement our HPS, we support having this program on the books

and available for future exploration to meet housing needs in Hillsboro and for other communities.

Cities need a range of local option tools encourage a diversity of affordable housing types to meet our local housing needs. HB 2074, 2077, and 2078 are all critical state authorized programs that should be continued. We urge your support.

Sincerely,

Ariel Nelson
Government Relations Manager
City of Hillsboro