



Study Session

SS

Milwaukie City Council



CITY OF MILWAUKIE
COUNCIL STUDY SESSION

City Hall Conference Room
10722 SE Main Street
www.milwaukieoregon.gov

AGENDA

JUNE 13, 2017

			Page #
1.	5:15 p.m.	Memorandum of Understanding (MOU) with Portland State University (PSU) School of Engineering Staff: Alma Flores, Community Development Director	1
2.	5:45 p.m.	Vertical Housing Development Zone Application Staff: Alma Flores, Community Development Director, and Amy Koski, Resource and Economic Development Specialist	6
	6:15 p.m.	NOTE: the live online and local broadcast of this Council meeting will end at 6:15 p.m. to allow the Planning Commission meeting broadcast to begin at 6:30 p.m.	
3.	6:15 p.m.	Adjourn	

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Executive Sessions

The City Council may meet in Executive Session pursuant to ORS 192.660(2); all discussions are confidential and may not be disclosed; news media representatives may attend but may not disclose any information discussed. Executive Sessions may not be held for the purpose of taking final actions or making final decisions and are closed to the public.

Meeting Information

Times listed for each Agenda Item are approximate; actual times for each item may vary. Council may not take formal action in Study or Work Sessions. Please silence mobile devices during the meeting.

 CITY OF MILWAUKIE
COUNCIL STUDY SESSION

City Hall Conference Room
10722 SE Main Street
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MINUTES

JUNE 13, 2017

Mayor Mark Gamba called the Council meeting to order at 5:15 p.m.

Present: Council President Lisa Batey; Councilors Angel Falconer, Wilda Parks, Shane Abma

Staff: City Manager Ann Ober Community Development Director Alma Flores
City Recorder Scott Stauffer Resource and Economic Development Specialist Amy Koski
Engineering Director Charles Eaton

Memorandum of Understanding (MOU) with Portland State University (PSU) College of Engineering

Ms. Flores introduced Dr. Renjeng Su, Dean of the Maseeh College of Engineering and Computer Science at PSU. **Dr. Su** provided an overview of the College of Engineering and discussed the benefits of the City collaborating with PSU. **Ms. Flores** and **Mr. Eaton** commented on the in-kind cost savings of working with PSU students.

Council expressed support for the MOU and commented on the benefits of staff working with PSU students. **Ms. Flores** noted that Ms. Ober would sign the MOU for the City.

Kellogg Dam Project Discussion

Mr. Eaton discussed a request from the Oregon Department of Transportation (ODOT) to transfer funds designated for the Kellogg Creek culvert project to other projects. He reported that there had been uncertainty as to how the funds had been programmed.

Kelly Brooks, Policy and Development Manager at ODOT Region I, provided background on the Statewide Culverts Program (SCP). She explained that there was a culvert embedded in Kellogg Dam and that the funding set aside for the project was considered inadequate since the culvert replacement would trigger the bridge replacement. She reported that the SCP had recommended reallocating the funds to other projects that could be completed. She suggested that ODOT could help explore other options to enhance the Kellogg Dam fish passage.

The group discussed when the project funding had been originally designated.

Mayor Gamba commented on the conflicting project overlap of a large culvert and a small bridge. **Ms. Brooks** agreed that the Kellogg Dam culvert was a top priority on the culvert list, and that the bridge was at the bottom of the bridge projects list. The group discussed the idea of finding alternatives to get the projects done.

Mayor Gamba and **Ms. Brooks** discussed the fish ladder and mitigation work needed at the Kellogg Dam.

The group discussed the City's willingness to agree to ODOT's request and they noted the complicated projects involved in the removal of the Kellogg Dam. They noted Federal and State timelines for using project funds and commented on upcoming regional meetings where the City's position on the funding reallocation could be stated.

It was noted that the Study Session was no longer being broadcast live as of 6:15 p.m.

Councilor Abma and **Ms. Brooks** noted that the reallocated funding would allow other culvert projects to happen and they commented on how the City could continue to work with ODOT and other agencies to remove the Kellogg Dam.

Council President Batey, **Ms. Brooks**, and **Mr. Eaton** noted the locations of the culvert projects that would benefit from the reallocated funds.

Mayor Gamba and **Ms. Brooks** remarked on ODOT's ability to help the City work with the Portland Harbor Superfund Site and other regional partners to address fish mitigation issues while also replace ODOT's aging Kellogg Creek Hwy 99E bridge.

Mayor Gamba recessed the Study Session at 6:20 p.m. and reconvened the Study Session at 6:29 p.m.

The group continued to discuss the City's response to ODOT's request to reallocate funding that had been designated for the Kellogg Dam culvert project. They noted the influence of the Clackamas County Coordinating Committee (C4) and Metro's Joint Policy Advisory Committee on Transportation (JPACT) and Metropolitan Transportation Improvement Program (MTIP) on project funding. They considered what Mayor Gamba could say regarding the reallocation of project funding on behalf of the City at upcoming C4 and JPACT meetings.

It was Council consensus to consent to ODOT's funding reallocation request.

Mr. Eaton briefly commented on recent City staff and PSU student collaborations.

Vertical Housing Development Zone (VHDZ) Application

Councilor Falconer, Ms. Koski, Mayor Gamba, and Ms. Flores discussed what percentage of a building had to be affordable housing for the developer to receive an abatement on the land price. They noted the formula for determining the affordable housing abatement percentage and remarked on the planned development of the former Bernard's Garage site.

The group noted other affordable housing projects in Oregon. They discussed the development of North Main Village (NMV), the planned development of the Bernard's Garage site, and project concepts for the Coho Point at Kellogg Creek property. They commented on the possibility of reducing or forgiving system development charges (SDCs) to provide a benefit for development.

Councilor Falconer, Ms. Flores, and Ms. Koski commented on the importance of offering different tools to encourage development. The group commented on projects in the region that have utilized VHDZ and other developer incentive tools.

Mayor Gamba, Council President Batey, and Ms. Flores commented on the VHDZ boundary maps in the staff report. The group noted recent State Legislation that transferred administrative and approval duties for VHDZs to cities.

The group discussed the timing of the City's adoption of a construction excise tax (CET) related to pending development projects. **Ms. Flores** noted that staff had been working to identify CET adoption options for Council to consider soon.

Ms. Flores and **Council President Batey** remarked on recent State activity regarding inclusionary zoning (IZ) and noted Council's interest in discussing IZ. **Ms. Flores** explained how developer tax benefits have been used as sales incentives in Portland.

Ms. Ober asked if Council was comfortable proceeding with the VHDZ application. **Councilors Parks and Abma, and Mayor Gamba** said they supported the application.

Council President Batey expressed support for the application and suggested that the application include a time limit. **Ms. Flores** noted that the VHDZ program would last for 10 years and **Council President Batey** confirmed that she was suggesting the program last for 10 years but the application window would only last 3-4 years.

The group talked about limiting the number of years a developer could apply for the VHDZ. It was Council consensus that the City would market the VHDZ for 5 years. They noted that the program would last for 10 years and that Council could extend the application period in the future.

Council President Batey suggested that the resolution adopting the VHDZ should define the application and program timelines. **Ms. Flores** remarked that the City had the ability to manage the program parameters and confirmed that the resolution approving the VHDZ application would be on the July 5, 2017, Regular Session Consent Agenda.

Ms. Koski and **Mayor Gamba** discussed what kind of program information the adopting resolution would include. **Ms. Ober** reported that staff would bring the VHDZ application form for Council review after the application resolution was adopted.

The group talked about the timing for starting the VHDZ program and the program's potential impact on proposed development projects.

Ms. Flores noted that staff would reach out to the State with questions about how the City can develop the program. **Ms. Koski** added that the City would run the program within the State's statutes and rules.

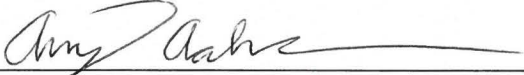
Ms. Ober and **Ms. Koski** remarked on whether the adopting resolution would need to indicate the City's intention of adding criteria to the program application.

Ms. Ober summarized that Council wished to move forward with the VHDZ application. **Ms. Flores** and **Ms. Ober** confirmed that staff would return for further Council feedback on the VHDZ program and the adoption of a CET.

It was the group consensus that a CET should be considered as soon as possible.

Mayor Gamba adjourned the Study Session at 7:29 p.m.

Respectfully submitted,



Amy Aschenbrenner, Administrative Specialist II



Scott Stauffer, City Recorder

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 CITY OF MILWAUKIE
COUNCIL STAFF REPORT

To: Mayor and City Council
Through: Ann Ober, City Manager
Reviewed: Alma Flores, Community Development Director
From: Alma Flores, Community Development Director

Date: May 23, 2017 for June 13, 2017

Subject: **Memoranda of Understanding between the City of Milwaukie and the
Maseeh College of Engineering and Computer Science, Portland State
University (PSU)**

ACTION REQUESTED

Learn about a Memoranda of Understanding between the City of Milwaukie and the Maseeh College of Engineering and Computer Science, Portland State University that would provide access formally to PSU students to help solve pressing issues in the city.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

The City Manager and Community Development director met with the Dean of Engineering and a PSU representative to discuss the advantages of a formal MOU. A presentation to council on the advantages of this arrangement was suggested and scheduled for June 13, 2017.

A team of PSU students are currently working with the Engineering department on a project to look at ways to improve and/or recover the Kellogg Lake area for public use.

ANALYSIS

Milwaukie will become part of PSU's Working Communities Network. This will give the city access to PSU engineering, urban studies, and public health talent for problem solving and expose City staff to similar challenges in other communities.

BUDGET IMPACTS

None.

WORKLOAD IMPACTS

City of Milwaukie staff will assist in problem identification and work scope development should a project rise to the level of assistance, but students and faculty will provide the necessary manpower to undertake work to support city priorities.

COORDINATION, CONCURRENCE, OR DISSENT

Office of the City Manager, and the Community Development department support the proposed action.

STAFF RECOMMENDATION

Staff recommends that the MOU be supported by the council to provide additional support to staff and the city.

ALTERNATIVES

Not approve this MOU

ATTACHMENTS

1. Draft Memoranda of Understanding between the City of Milwaukie and the Maseeh College of Engineering and Computer Science, Portland State University (PSU)



Memorandum of Understanding between the City of Milwaukie Oregon and the Maseeh College of Engineering and Computer Science, Portland State University

Purpose

The purpose of this Memorandum of Understanding (MOU) between the City of Milwaukie Oregon(City) and the Maseeh College of Engineering and Computer Science, Portland State University (MCECS) is to establish a unique urban living laboratory capable of producing significant and mutual benefits for City residents and MCECS students and faculty. The relationship will assist the City in finding solutions to its challenges of rapid redevelopment and urbanization and MCECS students and faculty with an unprecedented opportunity to participate fully in meaningful problem solving with the City's professional staff.

Background

The City of Milwaukie Oregon was founded in 1847 in the Oregon Territory. Milwaukie (pop. 21,000), is a city strategically located within Clackamas County, Oregon. Milwaukie, located six miles south of downtown Portland, is economically linked with the greater Portland metropolitan area. It offers glorious views of the Willamette River and a small-town feel with easy access to the region's urban center, recreational activities, and services.

Named one of the best places to raise a family, Milwaukie provides a clean environment, quality transportation, schools, and health care. The Sunday Farmers Market, First Friday events, neighborhood concerts in the park and the on-going poetry and artist series are just a few of the many community and cultural offerings available throughout the city. Recreational opportunities in the city include boating, kayaking, and paddle boarding on the Willamette River. With more than 100 parks in Clackamas County there is easy access to many fishing, hiking, and mountain biking opportunities.

The City is comprised of nine neighborhood districts-- seven primarily in residential areas (the Historic Milwaukie Neighborhood includes the downtown business district) and two industrial districts. With more than 1,500 companies, Milwaukie is also home to several of Oregon's largest and most iconic employers including Dark Horse Comics, Bob's Red Mill, Blount International Inc., and Precision Castparts (a Fortune 500 company), to name a few. The City also has a community vision underway—*Milwaukie All Aboard: Milwaukie's Community*

Vision-- to help articulate the community's vision for how it should grow in the next 20 years. This vision will be followed by a 5-year action plan and will help inform a 2035 comprehensive plan update covering housing, economic development, and other elements of the city's 20-year growth outlook. These are exciting times for the City of Milwaukie and we want to bring forward a well thought out development project that will serve as a gateway to our downtown.

Metro's 2040 Growth Concept Plan designates Downtown Milwaukie as a "regional center," concentrating public and private investment in new housing, office space, and neighborhood-supporting commercial development. Downtown Milwaukie's designation as a regional center is due to its role in providing high quality jobs, connections to the regional light rail system, and goals to become an active, vibrant core that serves the surrounding community. Downtown Milwaukie is the historic and commercial heart of the community. With a traditional urban form and retail frontage along Main Street, Milwaukie has an interest in retaining its small town charm and character even as the city plans for expanded growth in the downtown and other areas. Major employers within a two-mile radius of the downtown include Dark Horse Comics, City Hall, the Oregon Liquor Control Commission, MODA Health, Alpine Food Distributing, Inc., Dave's Killer Bread, Blount International, Inc., Providence Hospital, Advantis Credit Union headquarters, and many more.

Downtown Milwaukie has been planning for future development in the downtown through the Moving Milwaukie Forward planning effort and offers the benefit of the new Portland-Milwaukie Light Rail transit line that opened in September 2015. The new Orange Line extends the region's light rail network by 7.3 miles from Portland State University to the South Waterfront, through SE Portland, and into Milwaukie and north Clackamas County. The current daily ridership at the Milwaukie/Main Street station is at 700 on weekdays and over 400 on weekends.

The arrival of the Orange Line, improved bus and bicycle transportation options, and the recent replacement of the Sellwood Bridge are bringing rapid urban redevelopment to Milwaukie. This prospect poses significant new opportunities while posing complex challenges for the City. This makes the City an ideal urban laboratory for the creation and deployment of innovative engineering and design solutions.

Portland State University is a research university with a special regional mission to play a central role in shaping the future of the urban landscape. MCECS reflects this unique university mission. Its programs seek to create meaningful educational and learning opportunities for students and faculty that are characterized by making meaningful contributions to solving our region's most pressing urban challenges.

MCECS will bring significant technical and education resources to its relationship with the City. These include capabilities to address: transportation systems development, civil engineering and design, electronic systems engineering, computational and data analysis, environmental science and engineering, and technology management.

The Scope of the Partnership

The parties to this agreement agree this MOU is the foundation for an innovation partnership between the City, its professional staff and Council and MCEC administration, students and faculty.

The scope of this partnership includes:

- The creation of faculty-led student projects designed to bring engineering solutions tied to City priority projects and initiatives.
- The cooperative development and submission of local, state, and federal grant proposals to fund joint projects that assist the City in addressing its priority projects.
- Student internship programs to provide opportunities for MCECS students to work closely with City professionals.
- Recruitment outreach and potential employment of MCECS graduates by the City.
- Identification of opportunities for City professional staff to participate in MCEC educational programs as students, instructors and/or presenters.

Funding

MCECS will not seek payments, dues, fees or other compensation from the City to implement activities related to this agreement. The City will not seek payments, dues, fees or other compensation from the MCECS to implement activities related to this agreement. Where the two parties agree, resources may be made available, by mutual consent, for the conduct of programs or projects developed under this agreement.

Implementation

Immediately upon adoption by the respective parties, the City Manager and MCECS Dean will each appoint a lead point of contact to develop and manage the relationship on an ongoing basis. City and MCEC senior management leadership will meet during the winter to establish opportunities and Summer to review activities related to this relationship and to identify new

opportunities for mutual pursuit. During the summer meeting City and MCECS leaders will conduct a general review of the relationship, its management and activities, future funding opportunities and establish goals for the coming 12 months.

A presentation may, from time to time be made by City and MCECS staff to the Milwaukie City Council.

Related activities

The City and MCECS agree to individually and jointly promote the nature and benefits of their partnership and its activities through:

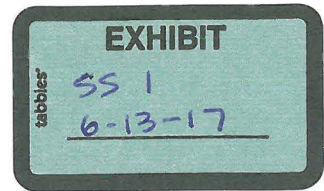
- Constituent communications, newsletters, social media, websites, and contact with the print and electronic media
- The production of short video content to highlight activities undertaken as part of the partnership and use this to inform the public about the partnership and its successes
- Scholarly and professional publications and presentations about the partnership and its activities to professional organizations, and
- Presentations to local, state and federal organizations and agencies, and elected officials.

For the City of Milwaukie, Oregon

City Manager: _____ Date: _____

For Maseeh College of Engineering and Computer Science,
Portland State University

Dean of MCECS: _____ Date: _____



Portland State
UNIVERSITY

Maseeh College of Engineering and Computer Science
Office of the Dean

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Working Communities Network FAQ

What is the Working Communities Network?

The Working Communities Network has been organized by Maseeh College of Engineering and Computer Science, Portland State University. The Network is to organize a working relationship between the College, its faculty and students, and local government jurisdictions.

What will the Network do for participating jurisdictions?

The Network will be a vehicle for mobilizing teams of engineering and computer science students and faculty to help communities to solve problems that are important to their citizens.

Why has the College organized the Network?

We are committed to teaching our students how to solve problems through engagement with real world community problems and challenges.

Is the Network a replacement for established internship programs?

No. The College wants its students to have opportunities to participate in both individual internships and Working Communities' Network projects.

How will the Network be structured?

Participation in the network will be initiated through a Memoranda of Understanding between individual jurisdictions and the College. The College will manage the relationships through the Dean's office.

Is there a cost to participate?

This is a no-cost program, except by agreement.

What kind of projects are candidates for PSU student teams?

The College has a broad spectrum of expertise in: evaluating, designing and building infrastructures, transportation studies, data management, environmental sensing, engineering design, and many other engineering capabilities. These capabilities will be mobilized around specific project proposals from participating jurisdictions. Time sensitive and urgent projects are not appropriate for student work. Projects that involve multiple engineering disciplines are encouraged.

How long can projects last?

We will assist participating jurisdictions in sizing the projects for student teams. A typical capstone design project lasts 20 weeks. Other student projects can be conducted with different lengths of time. Work demanding more time can be broken into phases, spread over several years and different project teams.

What is the time commitment of participating jurisdictions?

Each jurisdiction will identify a lead contact, as the project "owner." This lead will work with the College to manage the relationship. There will be two Network meetings per year. Participating jurisdictions will bring project ideas to the College for project development and selection by student teams. The annual meetings will also be used to review projects and their findings.

How will projects be managed?

Student teams will be managed by PSU faculty. The project "owner" will be asked to provide information necessary for the PSU team to conduct the work. The project owner and the student project team will maintain useful communications as the project moves forward. All projects will produce an appropriate final report for the sponsoring jurisdiction.

Can neighboring jurisdictions propose joint projects?

Yes.

Will projects involving design be certified by a P.E.?

No. Project work through the Network will be student work and although done to the highest professional levels, the program is not a substitute for professionally certified work.

Are participating communities expected to propose projects each year?

No. Jurisdictions can be full participants in the Network even if they only occasionally propose projects.

What other opportunities will be opened to Network participants?

Participation in the Network can open the door to other collaborations, such as joint proposals for grants to federal and state agencies. The College will also help connect participating communities to other university resources.

Who do I call to join the Working Communities Network?

Contact the Maseeh College of Engineering by calling Norman Eder, 503-720-1859.



Maseeh College of Engineering and Computer Science

PORTLAND STATE UNIVERSITY

Fall Enrollment 2016

2370 **593** **167**
Undergraduates Masters Ph.D.

Student Demographics

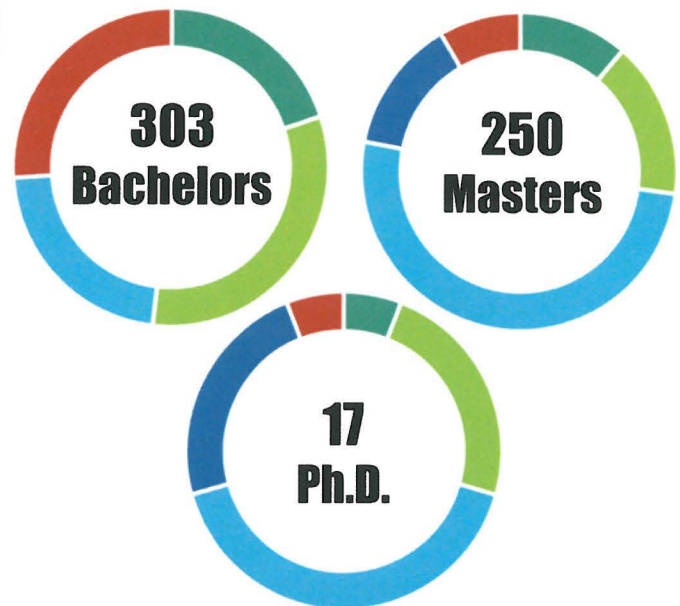
20% Are women **23%** Are international students
16% Are under-represented minorities **25%** Are first generation college students

Departments

5 Civil & Environmental Engineering
Computer Science
Electrical & Computer Engineering
Engineering & Technology Management
Mechanical & Materials Engineering

Degrees Granted 2016

- Civil and Environmental Engineering
- Computer Science
- Electrical and Computer Engineering
- Engineering and Technology Management
- Mechanical and Materials Engineering



570 TOTAL

Faculty

Full Professors **32**
Associate Professors **34**
Assistant Professors **8**
Instructors **11**
Research Faculty and Staff **15**

4 NSF Career Award Winners

2 Members of the National Academy of Engineering

10 Registered Professional Engineers

\$8.3 million Funded research expenditures per year

Student Experience

60% of students graduate with internship experience **85%** of graduates employed within 6 months

To: Mayor and City Council
Through: Ann Ober, City Manager
Reviewed: Alma Flores, Community Development Director
From: Amy Koski, Economic Development and Resource Coordinator

Date: May 31, 2017 for June 13, 2017 SS

Subject: **Authorization for a Resolution to Apply for the State's Vertical Housing Development Zone to go Before City Council**

ACTION REQUESTED

Authorize a required Resolution to apply for the State's Vertical Housing Development Zone (VHDZ). Staff needs authorization through a Resolution to be able to apply for the Oregon Housing and Community Services (OHCS) VHDZ. Staff is seeking to proceed with the initial application for the new geography proposed.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

- **July 15, 2003** – City Council authorized staff to move forward with an application to the State to establish a VHDZ related to the North Main Village mixed-use redevelopment project.
- **September 4, 2003** – City of Milwaukie applied to the State to establish a VHDZ consisting of one parcel in downtown Milwaukie for redevelopment into a mixed-use building with commercial/retail on the ground floor and condominiums and apartments on three above floors.
- **November 20, 2003** – The State provided designation of a VHDZ to the City of Milwaukie
- **March 21, 2007** – North Main Village project was certified by the State for Vertical Housing Tax Credit for four buildings totaling 12 floors of which eight were residential at 40 percent exemption for the improvements.
- **June 28, 2007** – North Main Apartments project was certified by the State for Vertical Housing Tax Credit for one building totaling four floors of which three were residential at 60 percent exemption for the improvements and 60 percent exemption for the land for the affordable rental units.
- **December 2015** – Moving Forward Milwaukie (MFM) project plans approved to remove barriers and encourage appropriate development in Milwaukie's commercial areas through revisions to the policies and regulations guiding development in Milwaukie's commercial areas including Downtown Milwaukie, Central Milwaukie, and the Neighborhood Main Streets of 32nd and 42 Avenues. The MFM Action and Implementation Work Program includes vertical housing tax abatement as a financial tool to assist development opportunities identified in MFM.
- **August 2016** – The Housing and Residential Land Needs Assessment shows a need for 1,150 new housing units by 2036, which would allow the city to increase density and better achieve affordable housing goals. The Milwaukie Housing Strategies Report recommends non-regulatory tools such as VHDZ to help increase affordable housing options.
- **Fall 2016** – Development of a series of economic background reports including an Economic Trends Analysis, Economic Opportunities Analysis, Economic Development Strategy indicate the need for a diversified toolbox for development and at least 6,121 jobs by 2035.
- **April 4, 2017** – Presented to City Council to consider expansion of the VHDZ and authorize submittal of an application to OHCS. Council asked staff to return with

modified options for the proposed boundary and options for flexibility in administering the program.

- **May 31, 2017** – Staff provided a Memorandum to City Council addressing questions raised at the 4/4/2017 Council meeting on this topic (See Attachment 4).

BACKGROUND

State enabling legislation allows municipalities to adopt a VHDZ to encourage the private sector to build higher-density mixed-use development (first floor commercial with residential above) in targeted areas of a city. The reduction of a portion of property taxes for 10 years can improve the financial feasibility of a mixed-use project and provide the gap financing needed for a housing project.

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

VHDZ Program Details:

- Projects are currently certified through State OHCS.
- Tax abatements are applied only to the value of the building, not the land.
- An additional partial property tax exemption on the land may be given if some or all of the residential housing is designated as affordable housing (80 percent of area median income or below).
- The Zone must be in a qualifying area, consistent with state criteria, defined as:
 - o Completely comprised by the core area of an urban center,
 - o Entirely within one-half mile radius of existing/planned light rail station,
 - o Entirely within one-quarter mile of fixed-route transit service, and
 - o Contains property for which land-use comprehensive plan and implementing ordinances effectively allow “mixed-use” with residential.
- Each project is provided with the abatement for a maximum 10-year period.
- Abatement applies to all taxing jurisdictions. Taxing jurisdictions have the option to “opt out” of the zone.

Application of the VHDZ requires a two-step process. The first is for a jurisdiction to apply to OHCS for creation or expansion of a zone which includes a notification to all taxing districts. Once the Zone is approved, the second step is for eligible projects within the Zone to apply for the partial tax exemption.

ANALYSIS

This is an additional tool to add to our toolbox to market to potential developers. A new geography, based on feedback from City Council in April 2017, is proposed to expand the existing boundary to include appropriate zoning in Downtown and Central Milwaukie within the Urban Renewal Area in addition to subarea overlays of the Tacoma Station Area Manufacturing (M-TSA) of the North Milwaukie Industrial Area (NMIA).

Since no other city, based on our research, has added additional, local criteria, staff requests that City Council authorize staff to A.) move forward with an application to the State program based on State criteria or B.) move forward with an application to the State program based on State criteria that will be modified by adding local criteria through the program development and marketing process. Staff could return for a Study Session with City Council, if desired, to define local criteria should an application to expand the existing zone be accepted.

Proposed Boundary: DMU, GMU, R-1-B, M-TSA Subareas 1, 2, and 3

As shown in Attachment 1, the new proposed boundary is comprised of the following zones within Downtown and Central Milwaukie to capitalize on areas of the city have long-range goals for mixed-use development as well as three overlays of the M-TSA:

- Downtown Mixed Use (DMU)
- General Mixed Use (GMU)
- Medium and High Density Residential (R-1-B within the Urban Renewal Boundary)
- Tacoma Station Area Manufacturing (M-TSA) overlay sub areas 1 (North of Springwater), 2 (West of McLoughlin, and 3 (Mixed Employment) in the North Milwaukie Industrial Area (NMIA).

Each of the proposed zones currently allow ground floor commercial with one or more stories of residential above.

Proposed Application Timeline

The preliminary timeline for an application to expand the VHDZ would be as follows:

Begin reaching out to taxing districts	July 10, 2017
Send 45-day public notice to taxing districts	August 14, 2017
Submit application to OHCS	August 31, 2017
Anticipated approval from OHCS	November 2017

Impact Scenarios

North Main Village is 1.85 acres at 52 dwelling units per acres located at 10554 SE Main Street in Downtown Milwaukie includes six buildings with 97 housing units and 8,600 feet of retail. The housing units vary from 33 ownership townhomes with flats and live/work units, to a four-story building with 64 affordable rental units. Construction types also vary from traditional wood framing to post-tensioned concrete and steel framing including 33 tuck-under and 56 surface parking spaces. Other site amenities include a central green space, rainwater harvesting landscaping features and ground floor retail. The project was completed in 2006 with a total development cost \$14 million that included Transit-Oriented Development program funding from Metro of \$560,528.

From 2007-2016, the property tax for the new project would have been approximately \$1.62 million. Over this period, the property owner was abated \$640,000, of which \$128,000 would have gone to the city. As of 2017, the city received approximately \$210,000. Ultimately, after the 10-year period the city gave up approximately \$13,000 a year for 10 years to generate an additional \$20,000 a year in perpetuity while adding 97 homes and patrons to the downtown.

For a hypothetical future project with a real market value (RMV) of \$10 million, up to approximately \$8 million could be abated and \$2 million would be taxable. This constitutes a worst-case scenario assuming the project is eligible for building abatement at the full amount, which would be 80%, but does not factor in a partial abatement for affordable units which would result in additional abatement on the land. Based on current tax rates, the city might see approximately \$33,000/year abated and \$8,200/year taxable for the 10-year abatement period. Assuming a 3% increase in assessed value a year over the 10-year abatement period, the abated value would grow by approximately \$2.4 million, which would result in an additional \$10,000 in annual tax revenue above the \$33,000 on the principle investment annually after expiration of the abatement.

BUDGET IMPACTS

A VHDZ allows for a 10-year tax abatement on new buildings up to 20% per floor for the first four floors above ground floor commercial. The abatement cannot exceed 80% of the value of the new building. The abatement applies to all taxing jurisdictions that do not opt out when the zone is created. After 10 years, the full value of the project is placed upon the tax rolls. Property taxes on existing land, and at least 20% of the new construction, are preserved. For the City of Milwaukie, this means potentially foregoing some property tax revenue on new construction within a targeted area during the abatement period, but providing a tool to help offset the development financing needed for the project to pencil.

WORKLOAD IMPACTS

Economic Development staff are managing this project and has the capacity within the Community Development Department work plan and budget.

COORDINATION, CONCURRENCE, OR DISSENT

Community Development Director, Finance Director, and City Manager are in concurrence to move forward with expansion of the VHDZ.

STAFF RECOMMENDATION

Provide authorization to move forward with an application to the State's VHDZ program following City Council approval of a Resolution as part of the consent agenda on June 20, 2017.

ALTERNATIVES

One alternative could include modification of the proposed expansion boundary, if necessary.

ATTACHMENTS

1. New Proposed VHDZ Boundary Map
2. Original Proposed VHDZ Boundary Map
3. Draft Resolution for June 20, 2017 Consent Agenda
4. May 31, 2017 Memorandum to City Council
5. Application for Designation of Oregon Vertical Housing Development Zone
6. OHCS Existing Vertical Housing Development Zones, March 1, 2017
7. OHCS Existing Vertical Housing Development Projects, September 16, 2016



Milwaukie Vertical Housing Development Zone (VHDZ)

- City of Milwaukie
- Milwaukie Urban Renewal Area
- Existing VHDZ
- Proposed VHDZ

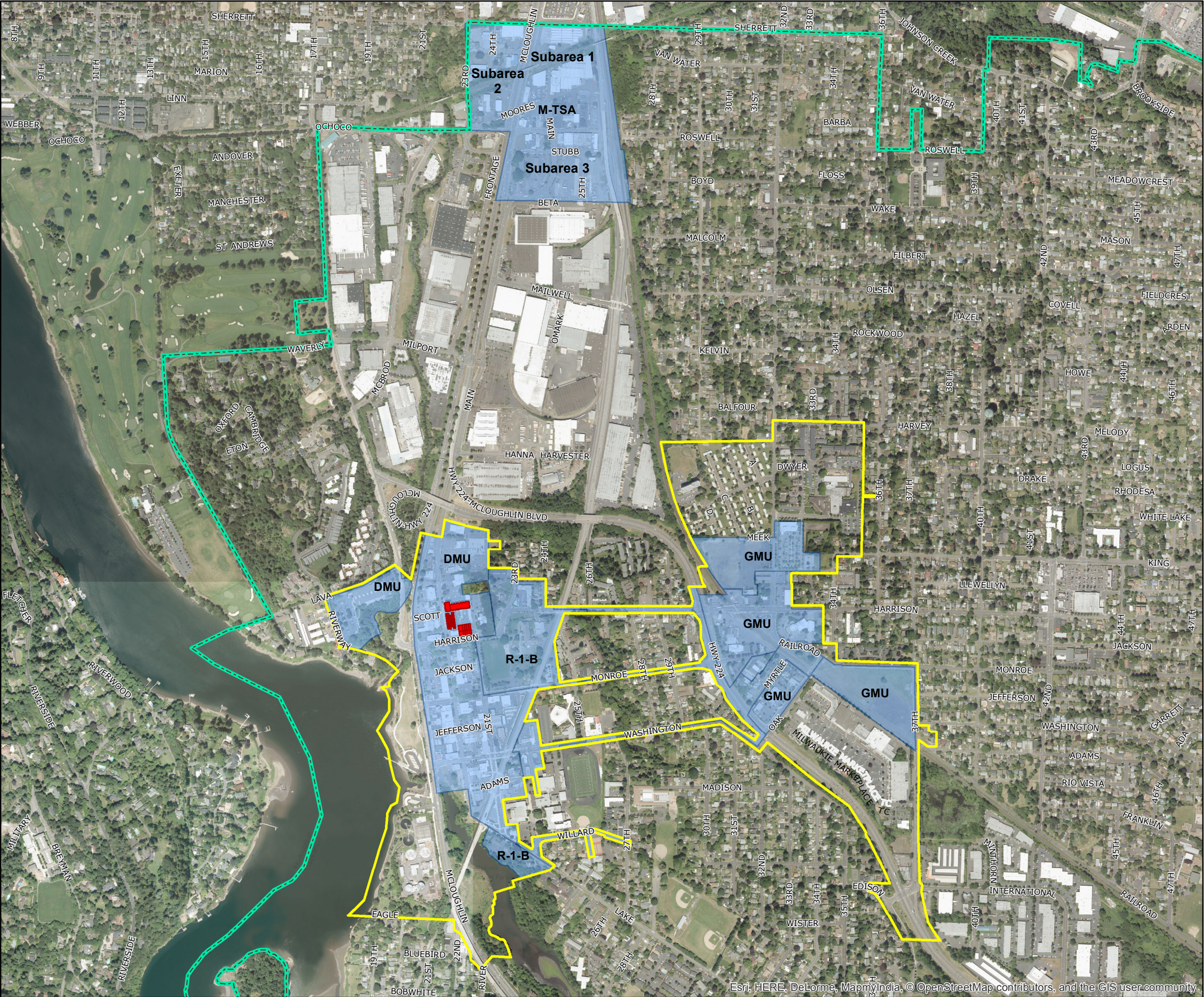
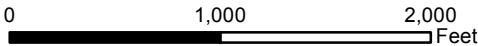


Data Sources: City of Milwaukie GIS, Clackamas County GIS, Metro Data Resource Center, Oregon DEQ

Date: Tuesday, June 06, 2017

The information depicted on this map is for general reference only. The City of Milwaukie cannot accept any responsibility for errors, omissions or positional accuracy. There are no warranties, expressed or implied, including the warranty of merchantability or fitness for a particular purpose, accompanying this product. However, notification of errors would be appreciated.

GIS Coordinator
City of Milwaukie
6101 SE Johnson Creek Blvd.
Milwaukie, OR 97206
(503) 786-7498



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Milwaukie Vertical Housing Development Zone (VHDZ)

- City of Milwaukie
- Existing VHDZ
- Proposed VHDZ
- Milwaukie Urban Renewal Area

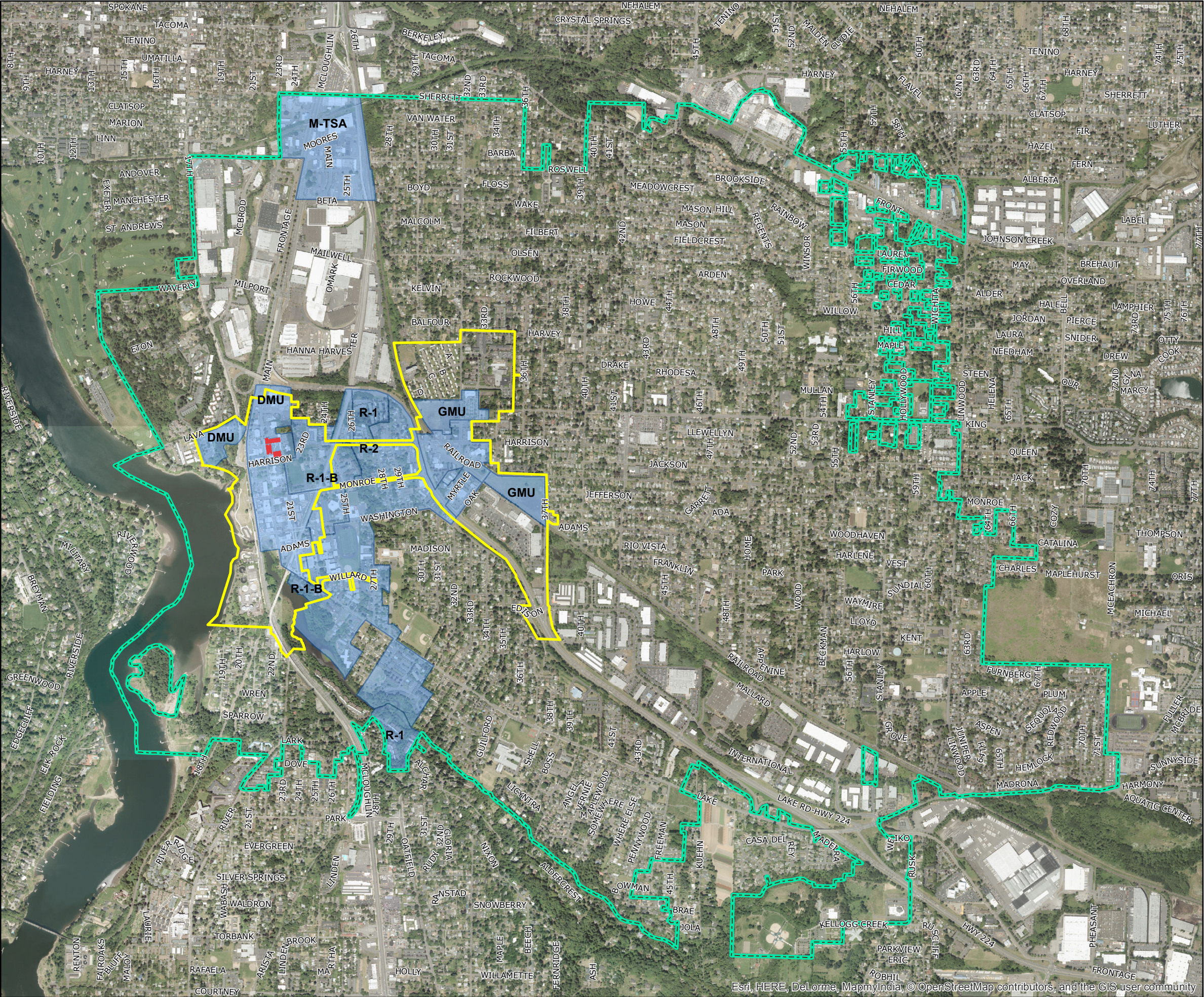
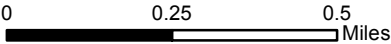


Data Sources: City of Milwaukie GIS, Clackamas County GIS, Metro Data Resource Center, Oregon DEQ

Date: Tuesday, April 04, 2017

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GIS Coordinator
City of Milwaukie
6101 SE Johnson Creek Blvd.
Milwaukie, OR 97206
(503) 786-7498



 CITY OF MILWAUKIE
COUNCIL RESOLUTION No.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON,
AUTHORIZING TO APPLY TO THE STATE OF OREGON VERTICAL HOUSING
DEVELOPMENT ZONE PROGRAM**

WHEREAS, Milwaukie City Council's goals for the 2017-2018 biennium include housing affordability; and

WHEREAS, City's economic development strategy includes core initiatives to increase tools and programs to address land, labor, infrastructure, capital, and marketing for economic development-related projects; and

WHEREAS, City Council would like to reserve the opportunity to build in local criteria to the front end of the State application process for Vertical Housing Development Zone projects to ensure they meet the city's vision and goals; and

WHEREAS, encouraging development of residential mixed uses within the downtown area can bring more vitality, demand for downtown retail and services, and long-term community wealth with affordability components that will be fully taxed after the partial abatement period ends.

Now, Therefore, be it Resolved that by the City Council of the City of Milwaukie, the city hereby requests that the proposed zone be designated a Vertical Housing Development Zone and Council directs staff to file an application to the State of Oregon.

Introduced and adopted by the City Council on _____.

This resolution is effective on _____.

Mark Gamba, Mayor

ATTEST:

APPROVED AS TO FORM:
Jordan Ramis PC

Scott S. Stauffer, City Recorder

City Attorney



Memorandum

To: Mayor Gamba and Members of the City Council

From: Alma Flores, Community Development Director and Amy Koski, Economic Development Resource Coordinator

CC: Ann Ober, City Manager

Date: May 31, 2017

Re: Update on Vertical Housing Development Zone (VHDZ) under the Oregon Housing and Community Services (OHCS) Department

As a follow-up to the April 4, 2017 City Council Work Session and prior to staff returning to Council on June 13, 2017 to determine the application of this program to the city, staff would like to provide an update on several questions raised at that meeting that have been answered based on what the current program allows:

1. **How do we terminate the program?** Based on current Oregon Administrative Rules, a jurisdiction can terminate or modify their zone at any time and may request that OHCS terminate all or part of an existing zone within 90 days of receiving a conforming request.
2. **Could we apply a sunset date to the duration of the program?** The duration of an approved zone is 10 years. However, if a jurisdiction desires, it could, under current regulations, market a zone with a time limit (e.g. five years) and then terminate or modify the zone following that sunset date.
3. **How much control do we have over the applications that are submitted? Could we add conditions or parameters to the program to more effectively promote projects that meet our citywide objectives?** A jurisdiction could develop criteria that a developer/development must meet prior to submitting an application (e.g. maximized entitlement for height and/or density, community benefit agreements, certain percentage of affordable options, etc.). This is not a common practice in the region and would require detailed coordination with OHCS. Some of the current requirements that the applicant needs to meet include: comprised of a multiple-story building, or a group of buildings with a portion of the project committed for residential use; completely comprised by the core area of an urban center; entirely within one-half mile of existing/planned light rail station; entirely within one-quarter mile of fixed-route transit service; and contains property for which land use comprehensive plan and implementing ordinances effectively allow "mixed-use" with residential.

Keep in mind that the program was developed to incentivize vertical development within transit-rich areas to better serve communities, particularly areas where the zoning is already in place to allow mixed-use housing development. It is also a program that, despite where the program is allowed, is only applied if a property owner/developer submits an application and meets the criteria of the program.

Additional questions that came out of the discussion with Council include:

1. What is the impact when the VHDZ overlaps with the Urban Renewal boundary?

Depending on the situation for a particular development project, the increase in revenue that Urban Renewal would see because of that project would be accumulated at the same rate as if there were no abatement, but because an eligible project would be abated through VHDZ, it would not go into Urban Renewal until up to the 10-year period is over. If the property is in the Urban Renewal Area, the tax on any new development would be part of the tax increment, however, the part exempted would reduce the taxes received by Urban Renewal until the abatement period ends. Effectively, the abated tax amount for a project within the Urban Renewal Area would not have any new effect on the taxing districts, as the added value of the project would have already contributed toward Urban Renewal.

- **What are ways to decrease the likelihood that taxing districts will opt out?** The cities of Canby, Hillsboro, and Tigard did not have any taxing districts opt out of the VHDZ program. It is important to reach out to the taxing districts early for one-on-one meetings in advance of the 45-day notice that goes out. Staff is familiar with working with the taxing districts to provide information and answer questions about the effects of such abatement programs on their returns explaining that the near-term cost of foregoing upfront tax revenue leads to longer-term gains due to the increased property values resulting from the new development.
- **Consider modifying the boundary to only include Urban Renewal areas and the M-TSA or remove Urban Renewal areas, or specific catalytic sites.** Staff believes it has proposed a reasonable boundary to open the opportunity of this program to the key areas of the city where mixed-use development is allowed. It is important to remember that a project cannot be abated at 100% and that the commercial/retail portions of any mixed-use project would still be taxed. Additionally, not all floors of residential are eligible for VHDZ tax abatement and only a partial abatement on the land is eligible if the affordability requirements are met. Finally, not all parcels included in the proposed boundary would apply for the program and the current OAR would allow the city to terminate or modify the zone at any time.

2. Of the communities that currently have VHDZ, how many projects have they had, how many properties have redeveloped and how many projects didn't use the program? A mini survey went out to four communities and the results are in the table below from the three communities that responded. Some of the communities were not able to respond to our questions simply because they see the program as a benefit to help market development in their community. They also understand that this is a tool that people self-select for and is one of a few options for developers to choose from.

Experience from Local VHDZ Communities:

	Canby	Hillsboro	Tigard
Population	17,010	99,393	50,787
Size of VHDZ	471 acres		327 acres
VHDZ Year of Establishment	11/2014	10/2011	2015
VHDZ overlaps UR?	Yes, same boundary	Yes, in downtown zone	Yes
How many taxing districts opted out?	None	None	None

Impact on tax revenue within UR	Depending on how much they qualify for, ground floor and from 20-80% of upper residential floors would be on tax rolls. Still get AV and increment, just not on all of it for 10 years		We lose increment, but the result is still mixed use commercial/housing at a higher density to help meet our goals for the URA.
# of Applications	1	1	1 with 2 considering
# of Properties Redeveloped	1	1	1
# of Projects that didn't use VHDZ	N/A	N/A	1
Importance of VHDZ on projects moving forward	High	High	High
VHDZ yielded desired projects?	Yes	Yes	Yes
"Eligibility" criteria established?	No	No	No

After the City Council meeting we were alerted to a House Bill that would essentially dissolve the State-administered Vertical Housing program and transfer it to local communities to manage. Here is what we know to date:

Senate Bill 310 that authorizes a city or county to designate area within jurisdiction as a vertical housing development zone, has passed in the Senate and is currently in the House Committee on Human Services and Housing for review. This Bill would remove OHCS from the designation process and would take effect 91 days following adjournment. We don't know exactly how this will affect current jurisdiction/users if passed, but recognize local administration of the program would require additional staff capacity.

Staff Recommendation

Based on this information, we recommend proceeding with the application to OHCS for a Milwaukie VHDZ Program regardless of the pending legislation, as the current program would allow much of the flexibility and refinements sought by Council. We hope that the original proposed boundary presented April 4 now makes more sense. If not, please let us know by June 5, 2017 so that we can prepare revised boundaries and maps for Council consideration at the June 13, 2017 Study Session.



STATE OF OREGON

MULTIFAMILY FINANCE AND RESOURCES SECTION
OREGON HOUSING AND COMMUNITY SERVICES

725 Summer Street NE, Suite B
Salem, Oregon 97301-1266

VERTICAL HOUSING DEVELOPMENT PROGRAM

JUNE 2008



**What We Do
Matters!**

Application for Certification Vertical Housing Development Project

Table of Contents

CONTACT INFORMATION

PROJECT APPLICATION CHECKLIST..... 1

APPLICATION FOR CERTIFICATION..... 2

NARRATIVE PROJECT SUMMARY..... 4

PROCESSING AND MONITORING CHARGE TRANSMITTAL..... 5

FOR BACKGROUND INFORMATION AND PROGRAM DETAILS YOU MAY REFER TO THE
OREGON ADMINISTRATIVE RULES (OAR 813-013) GOVERNING THIS PROGRAM AT:
http://arcweb.sos.state.or.us/rules/OARS_800/OAR_813/813_013.html.

**State of Oregon
Housing and Community Services Department**

CONTACT INFORMATION

Multifamily Finance and Resources Section Staff

Manager:	Heather Pate	(503) 986-6757
Program Analyst:	Don Herman	(503) 986-2082
Appraiser & Market Analyst	Mike McHam	(503) 986-6731

Regional Advisors to the Department

www.ohcs.oregon.gov/OHCS/DO-RegionalAdvisors.shtml

Go to website to locate contact information for the Regional Advisor for your project.

Project Application Checklist

Vertical Housing Development Project

PROJECT/PROPERTY NAME

TO RESPOND TO THE OAR REQUIREMENTS, THE PROJECT APPLICATION TO THE DEPARTMENT SHALL INCLUDE:

- ☐ APPLICATION FOR CERTIFICATION OF A VERTICAL HOUSING DEVELOPMENT PROJECT
- ☐ APPLICATION AND MONITORING CHARGE TRANSMITTAL FORM (WITH CHECK ATTACHED)
- ☐ VHDZ PROJECT CERTIFICATION AND SUMMARY OF BUILDINGS (EXCEL SPREADSHEET FORM)
- ☐ CONFIRMATION PROJECT IS LOCATED ENTIRELY IN A VHDZ
- ☐ LIST OF PROJECT'S TOTAL FUNDING SOURCES AND AMOUNTS
- ☐ PROJECT'S DEVELOPMENT BUDGET AND TOTAL PROJECT COST
- ☐ ARCHITECTURAL PLANS/DESIGN OF THE PROJECT (THE FOLLOWING PAGES ONLY)
 - OVER SITE PLAN WITH TAX LOTS DESIGNATED AND BOUNDARIES OF SITE
 - SUMMARY OF BUILDING(S), FLOOR(S) SQUARE FOOTAGE, TAX LOT(S) SQUARE FOOTAGE
- ☐ DETAILED SCOPE OF REHABILITATION WORK (INCLUDING ASSOCIATED LINE ITEM COSTS)
(REHABILITATION PROJECTS ONLY)
- ☐ PROVIDE COPY OF THE MOST CURRENT YEAR'S COUNTY ASSESSED VALUE
(REHABILITATION PROJECTS ONLY)
- ☐ COUNTY ASSESSOR'S NAME, ADDRESS AND PHONE NUMBER

THE DEPARTMENT RESERVES THE RIGHT TO REQUEST PROJECT APPLICANT TO PROVIDE SUPPLEMENTAL AND/OR CLARIFICATION INFORMATION.

SUBMIT PROJECT APPLICATION TO: OREGON HOUSING AND COMMUNITY SERVICES
ATTN: VERTICAL HOUSING PROGRAM
MULTIFAMILY HOUSING SECTION
725 SUMMER STREET NE, SUITE B
SALEM, OR 97301-1266



APPLICATION FOR CERTIFICATION Vertical Housing Development Project

(ORS 285C.450 to 285C.480)

COMPLETED & SUBMIT TO— Oregon Housing and Community Services, Vertical Housing Program, Housing Division

725 Summer Street NE, Suite B, Salem, Oregon 97301-1266

503-986-2000, Fax: 503-986-2020, TTY 503-986-2100, www.ohcs.oregon.gov

Please note:

- This form is to be submitted along with the noted attachments listed on the accompanying checklist.
- The non-refundable Application charge must accompany the Application.

Department Use Only:

Date Filed: _____ | ☐ VHDZ _____ | ☐ Acceptable | ☐ Rejected _____

PROPOSED VHDZ PROJECT

PROJECT/PROPERTY NAME

PROJECT/PROPERTY ADDRESS

*Attach project legal description

APPLICABLE TAX LOT(S)

VERTICAL HOUSING DEVELOPMENT ZONE (VHDZ) IN WHICH LOCATED

LEGISLATIVE DISTRICTS _____ U.S. HOUSE _____ STATE SENATE _____ STATE HOUSE

To find the project's district numbers visit <http://www.leg.state.or.us/findlegsltr/findset.htm>

For the residential units being constructed or rehabilitated as part of the project:

☐

NEW CONSTRUCTION

ANTICIPATED DATE OF CERTIFICATE OF OCCUPANCY

☐

ACQUISITION / REHABILITATION

YEAR BUILT

WILL EXISTING TENANTS BE DISPLACED, RELOCATED OR TEMPORARILY RELOCATED DUE TO ACQUISITION/REHABILITATION?

YES

NO

☐☐

ANTICIPATED DATE OF OCCUPANCY OR RE-CCUPANCY

ANTICIPATED DATE OF REHABILITATION WORK COMPLETED

BUILDING PERMIT ENTITY

CONTACT NAME

TELEPHONE

APPLICANT

NAME

TITLE

ORGANIZATION

MAILING ADDRESS

CITY

STATE

ZIP

FAX

TELEPHONE

EMAIL

PROPERTY OWNER

NAME

TITLE

ORGANIZATION

MAILING ADDRESS

CITY

STATE

ZIP

FAX

TELEPHONE

EMAIL

RESIDENTIAL TARGET POPULATION

☐

MARKET RATE

OF UNITS

☐

HOME OWNERSHIP

OF UNITS

☐

LOW INCOME 80% AMI

OF UNITS

☐

RENTAL UNITS

OF UNITS

NUMBER OF YEARS AFFORDABLE AT 80% AND BELOW (IF APPLICABLE)

PROJECT SITE

Unit density of site per local zoning code:

MAXIMUM # OF UNITS

MINIMUM # OF UNITS

PROPOSED # OF UNITS

Size of site: (one acre = 43,560 square feet)

ACRES

OR

SQUARE FEET:

ARE ALL UTILITIES PRESENTLY AT SITE? YES ☐ NO ☐

IF NO, WHAT NEEDS TO BE BROUGHT TO THE SITE?

Building(s) Information:

NUMBER OF RESIDENTIAL BUILDINGS

NUMBER OF RESIDENTIAL FLOORS

NUMBER OF NON-RESIDENTIAL BUILDINGS

NUMBER OF NON-RESIDENTIAL FLOORS

NUMBER OF BUILDINGS COMPRISING PROJECT

If the project consists of more than one building or type of use, are they: YES NO

LOCATED ON THE SAME TRACT OF LAND?

☐
☐

COMMON OWNERSHIP FOR FEDERAL TAX PURPOSES?

☐
☐

FINANCED PURSUANT TO A COMMON PLAN OF FINANCING?

☐
☐

COMMON PROPERTY MANAGEMENT?

☐
☐

UNIT MIX/SIZE

Unit Mix / Size: Attach separate page if more unit types are needed.

UNIT TYPE	TOTAL NO. OF UNITS	NO. OF AFFORDABLE UNITS	AVERAGE SIZE (SF)	ACTUAL TOTALS (SF)
RESIDENTIAL AREA				
STUDIO				
1 BEDROOM				
2 BEDROOM				
3 BEDROOM				
4 BEDROOM				
SUB TOTAL RESIDENTIAL UNITS				
RESIDENTIAL COMMON AREA (SF)				
TOTAL RESIDENTIAL AREA (SF)				
RETAIL/COMMERCIAL AREA				
GROSS BUILDING AREA				
GROSS LAND AREA				

DECLARATION BY APPLICANT

The undersigned is duly authorized to submit this application on behalf of the named Owner. The information provided herein is true, correct and complete in describing a "vertical housing development project" inside a vertical housing development zone. The undersigned further authorizes the Department to request further documentation or undertake any investigation deemed necessary to verify application information to complete its due diligence. I therefore request certification, so that the project property may be partially exempt from taxation under ORS 285C.471, and I understand that receipt of the ten-year partial exemption depends on the county assessor's satisfaction that the actual project meets and continues to meet applicable requirements.

Signature

X

Date

NARRATIVE PROJECT SUMMARY

Please provide a project summary in narrative format, addressing the questions below. Replies should be succinct, but still provide adequate detail to fully describe the project. We anticipate most individual question responses will total one page or less.

1. Describe the proposed project. This is your opportunity to explain why this project is being proposed. Describe the location, the current physical conditions of site (and building if rehab), amenities, design, and target population.

X

2. Describe the residential and non-residential uses by building, by floor.

X

3. How will the project be maintained and operated over the 10-year exemption period to ensure the project use and square footage remains consistent with the original VHDZ application requesting the exemption?

X

4. Describe how the proposed project is in the best interests of the community and will enhance the local area.

X

5. Rehab only. Describe the proposed rehab work that will be completed to substantially alter or enhance the utility condition, design or nature of the structure.

X

6. Describe how the project will remain affordable over the entire period of the exemption (if applicable).

X

7. Complete the time table below with either the actual or estimated dates of: start of construction / rehabilitation, estimated construction / rehabilitation completion, certificate of occupancy issued, copy of exemption Certificate filed with the Tax Assessor, and the first tax year in which the partial exemption will be claimed.

Start of Construction/Rehab:

Construction Completion/Rehab:

Certificate of Occupancy:

Exemption Certificate to Assessor:

First Tax Year of Exemption: July 1, _____

Vertical Housing Program

Processing and Monitoring Charge Transmittal

PROJECT/PROPERTY NAME

CONTACT NAME

PHONE NUMBER

SUBMIT THE ORIGINAL APPLICATION, THE PROCESSING CHARGE, AND THIS FORM TO:

OREGON HOUSING AND COMMUNITY SERVICES
ATTN: VERTICAL HOUSING PROGRAM
MULTIFAMILY HOUSING SECTION
725 SUMMER STREET NE, SUITE B
SALEM, OR 97301-1266

COMPLETE THE FOLLOWING:

- ☐ \$550.00 APPLICATION PROCESSING CHARGE (408)
- ☐ \$150.00 PROJECT MONITORING CHARGE (409) *Market Rate Residential Units Only*
- ☐ \$200.00 PROJECT MONITORING CHARGE (409) *Mix of Market and Low-Income Residential Units*

Total Amount of Check

MAKE CHECKS PAYABLE TO: OREGON HOUSING AND COMMUNITY SERVICES

AMOUNT OF APPLICATION CHARGE ENCLOSED: \$

ATTACH CHECK(S) HERE.
(If applying for multiple programs, submit separate checks)

EXISTING VERTICAL HOUSING DEVELOPMENT ZONES

3/1/2017

OECDD or OHCS	VHDZ No.	Certification Date		Jurisdiction	Contact Person	Phone	E-Mail	Application Status	Excluded Special Districts
		Effective Date	Y-M-D						
OECDD	VHDZ-001	6/24/2002	02-06-24	City of Grants Pass	Tom Schauer	(541) 474-6355 x6418	tschauer@grantspassoregon.gov	Approved	Josephine County 4-H/Extension Service District
OECDD	VHDZ-002	8/13/2002	02-08-13	City of Klamath Falls	Sandra Zaida	(541) 883-5396	sandra@ci.klamath-falls.or.us	Approved	Klamath County Emergency Communications District, Klamath County Fire Protection District #1
OECDD	VHDZ-003	9/1/2002	02-09-01	City of LaGrande	Michael Boquist	(541) 962-1307	mboquist@uwtc.net	Approved	LaGrande Cemetery Maintenance District
OECDD	VHDZ-004	10/2/2002	02-10-02	City of Central Point	Tom Humphrey	(541) 664-3321 x230	tomh@ci.central-point.or.us	Approved	None
OECDD	VHDZ-005	5/14/2003	03-05-14	City of Medford	Louise Dix	(541) 774-2090	louise.dix@ci.medford.or.us	Approved	Jackson County Vector Control District
OECDD	VHDZ-006	11/20/2003	03-11-20	City of Milwaukie	Mike Swanson	(503) 786-7501	swansonm@ci.milwaukie.or.us	Approved	None
OECDD	VHDZ-007	11/25/2003	03-11-25	City of Eugene	Amanda Nobel Flannery	(541) 682-5535	Amanda.NobelFlannery@ci.eugene.or.us	Approved	None
OECDD	VHDZ-008	3/10/2004	04-03-10	City of Monmouth	Jim Hough	(503) 751-0146	jhough@ci.monmouth.or.us	Approved	None
OECDD	VHDZ-009	10/15/2004	04-10-15	City of Springfield	Kevin Ko	(541) 726-2302	kko@ci.springfield.or.us	Approved	None
OHCS	VHDZ-010	3/10/2006	06-03-10	City of Gresham	Janet Young	(503) 618-2504	janet.young@ci.gresham.or.us	Approved	None
OHCS	VHDZ-011			City of Independence	Greg Ellis	(503) 838-1212	gellis@ci.independence.or.us	Process Suspended	Ash Creek Water Control, Hilltop Cemetery, Willamette Education Service
OHCS	VHDZ-012	5/22/2007	22-07-05	City of Cottage Grove	Howard Schesser	(541) 942-3340	cddirector@cottagegrove.org	Approved	None
OHCS	VHDZ-013	8/13/2009	13-09-08	City of Roseburg	Brian Davis	(541) 492-6750	bdavis@cityofroseburg.org	Approved	None
OHCS	VHDZ-014	11/24/2009	24-09-11	City of Wood Village	Sheila Ritz	(503) 667-6211	city@ci.wood-village.or.us	Approved	None
OHCS	VHDZ-015	10/10/2011	10-11-10	City of Hillsboro	Karla Antonini	(503) 681-6181	karla@ci.hillsboro.or.us	Approved	None
OHCS	VHDZ-016	8/1/2012	01-12-08	City of Hillsboro-zone expansion	Patrick Ribellia	(503) 681-6153	patrick4@ci.hillsboro.or.us	Approved	None
OHCS	VHDZ-017	9/19/2012	19-12-09	City of Beaverton	Steven Sparks	(503) 526-3720	ssparks@beavertonoregon.gov	Approved	None
OHCS	VHDZ-018	9/20/2012	13-5-23	City of Hillsboro-zone expansion	Colin Cooper	(503) 681-6153	colin.cooper@hillsboro-oregon.gov	Approved	None
OHCS	VHDZ-019	6/24/2013	13-8-13	City of Oregon City	Eric Underwood	(503) 496-1552	eunderwood@ci.oregon-city.or.us	Approved	None
OHCS	VHDZ-20	3/10/2014	14-3-11	City of Hillsboro - expansion	Colin Cooper, John Boren	(503) 681-6153, (503) 681-6245	colin.cooper@hillsboro-oregon.gov	Approved	None
OHCS	VHDZ-21	2/3/2014	14-02-03	The Dalles	Tom Linhares	(541) 503-2517		Approved	Northern Wasco County Parks and Recreation District
OHCS	VHDZ-22	7/10/2014	14-07-10	City of Tigard	Lloyd Purdy	(503) 718-2442	lloyd@tigard-or.gov	Approved	None
OHCS	VHDZ-23	11/17/2014	14-11-17	City of Fairview	Samantha Nelson	(503) 665-7929	nelsons@ci.or.us		
OHCS	VHDZ-24	10/16/2014	14-10-16	City of Canby	Renate Menelberg	(503) 266-0701	Mengelberg@ci.canby.or.us	Approved	None
OHCS	VHDZ-25	7/20/2015	15-07-20	City of Forest Grove	Dan Riordan	(503) 992-3226	driordan@forestgrove-or.gov	Approved	None

EXISTING VERTICAL HOUSING DEVELOPMENT PROJECTS

As of 9/16/2016

Project Name	Project Address	City	Status	Date Certified	Contact Name	Contact E-Mail	Total No. of Buildings	Total No. of Floors	Total No. of Resid. Floors	Total No. of Non-Resid. Floors	Percent Imprv. Exempt	Percent Land Exempt	Certified by
Four Oaks Centre	411 Oak Street	Central Point	Certified	11/22/2002	GiGi Orr		3	9	6	2	40%	0%	OECD
N. Fir	221 N. Fir Street	LaGrande	Denied	n/a									OECD
Adams Avenue	1114 Adams Avenue	LaGrande	Certified	12/1/2003	Leah Starr		1	2	1	1	20%	0%	OECD
N.K. West Building	1204-1208 Adams Avenue	LaGrande	Certified	5/5/2005	David Glennie	dave@telosdevelopment.com	1	4	3	1	60%	0%	OECD
North Main Apartments	Main Street & Harrison Street	Milwaukie	Certified	6/28/2007	Tom Kemper	tkemper@kempercollc.com	1	4	3	1	60%	60%	OHCS
North Main Village	Main Street & Harrison Street	Milwaukie	Certified	3/21/2007	Tom Kemper	tkemper@kempercollc.com	4	12	8	4	40%	0%	OHCS
Corey Dingman Project	260 W 12th Avenue	Eugene	Withdrawn	n/a	Corey Dingman	corey@duncanbrown.com							OHCS
Beranger Condominiums	287 NE 3rd Street	Gresham	Certified	3/21/2008	Mike Rossman	mike@peakdevelopmentllc.com	1	4	3	1	60%	0%	OHCS
Hansen Building	1336 High Alley	Eugene	Decertified	n/a	Dean Hansen	dean.hansen@therightbank.com	1	3	2	1	40%	0%	OHCS
Royal Building	501 Main Street	Springfield	Certified	1/8/2008	Terrence McDonald	tmcdonald@svdp.us	1	5	4	1	80%	80%	OHCS
400 Roberts Place	77 NE 4th Street	Gresham	Withdrawn	n/a	Wynn Paoletti	wynnpao@cox.net							OHCS
Third Central	NW 3rd Avenue & NW Miller	Gresham	Certified	10/15/2009	Dwight Unti	dunti@tokolaproperties.com	1	4	3	1	60%	0%	OHCS
4th Main Building	350 E. Main Street	Hillsboro	Certified	5/6/2014	Dwight Unti	dunti@tokolaproperties.com	1	4	3	1	60%	0%	OHCS
Wrap Site @ Orenco	1060 NW 231st Ave	Hillsboro	Certified	5/7/2014	Clyde Holland	clyde@hollandpartners.net	1	6	2	4	80%	0%	OHCS
Rowlock - Hillsboro	West of NW 231st Ave. & south of NE Campus Ct.	Hillsboro	Certified	7/11/2016	Brenner Daniels	bdaniels@hollandpartnergroup.com	1	6	4	1	80%	0%	OHCS
Orenco East Podium	West of NW 231st Ave. & south of NE Campus Ct.	Hillsboro	Certified	8/3/2016	Clyde Holland	clyde@hollandpartners.net					80%	0%	OHCS
Hillsboro Orenco Central Podium	West of NW 231st Ave. & south of NE Campus Ct.	Hillsboro	Certified		Clyde Holland	clyde@hollandpartners.net							
Hillsboro Orenco West Podium	West of NE Orenco Station Parkway and south of Cherry Drive	Hillsboro	Under Construction		Clyde Holland	clyde@hollandpartners.net	1	6	5	1	80%	0%	OHCS
The Cove	Lot 2 Clackamette Cove plat	Oregon City	Under Construction		Ed Darrow	eed1@comcast.net	12	37	35	2	60%	0%	OHCS
The Adrienne	7148 Gonzaga St.	Tigard	Certified	7/27/2015	Roy Rogers	RoyR@rascp.com	1	3	2	1	40%	0%	OHCS
Burnham and Ash Mixed Use	9020 SW Burnham	Tigard	Under Construction		Lauren Jones	ljones@capstonepartners.com	2	7	6	1	60%	0%	OHCS
Lombard Plaza	4725 SW Lombard Ave.	Beaverton	Under Construction		Roy I. Kim	roy@bethanyvillage.com	1	5	4	1	60%	0%	OHCS
1st and Angel	4545 SW Angel Ave.	Beaverton	Under Construction		Kali Bader	kali@rembold.com	1	4	3	1	60%	0%	OHCS
The Jesse Quinn	TBD	Forest Grove			Dwight Unti	dunti@tokolaproperties.com	1	6	5	1	60%	0%	OHCS



Vertical Housing Development Zone

City Council, June 13, 2017

Application Process

1. Jurisdiction applies to OHCS for creation/expansion of Zone (or by ordinance or resolution post SB 310)
2. Eligible projects within the Zone apply for partial tax exemption
 - a. City staff to work closely with applicants and establish local criteria as desired by City Council



Source: Photo from OregonLive.com

City Council Request

 CITY OF MILWAUKIE
COUNCIL RESOLUTION No.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON,
AUTHORIZING TO APPLY TO THE STATE OF OREGON VERTICAL HOUSING
DEVELOPMENT ZONE PROGRAM**

WHEREAS, Milwaukie City Council's goals for the 2017-2018 biennium include housing affordability; and

WHEREAS, City's economic development strategy includes core initiatives to increase tools and programs to address land, labor, infrastructure, capital, and marketing for economic development-related projects; and

WHEREAS, City Council would like to reserve the opportunity to build in local criteria to the front end of the State application process for Vertical Housing Development Zone projects to ensure they meet the city's vision and goals; and

WHEREAS, encouraging development of residential mixed uses within the downtown area can bring more vitality, demand for downtown retail and services, and long-term community wealth with affordability components that will be fully taxed after the partial abatement period ends.

Now, Therefore, be it Resolved that by the City Council of the City of Milwaukie, the city hereby requests that the proposed zone be designated a Vertical Housing Development Zone and Council directs staff to file an application to the State of Oregon.

Introduced and adopted by the City Council on _____.

This resolution is effective on _____.

Mark Gamba, Mayor

ATTEST:

APPROVED AS TO FORM:
Jordan Ramis PC

Scott S. Stauffer, City Recorder

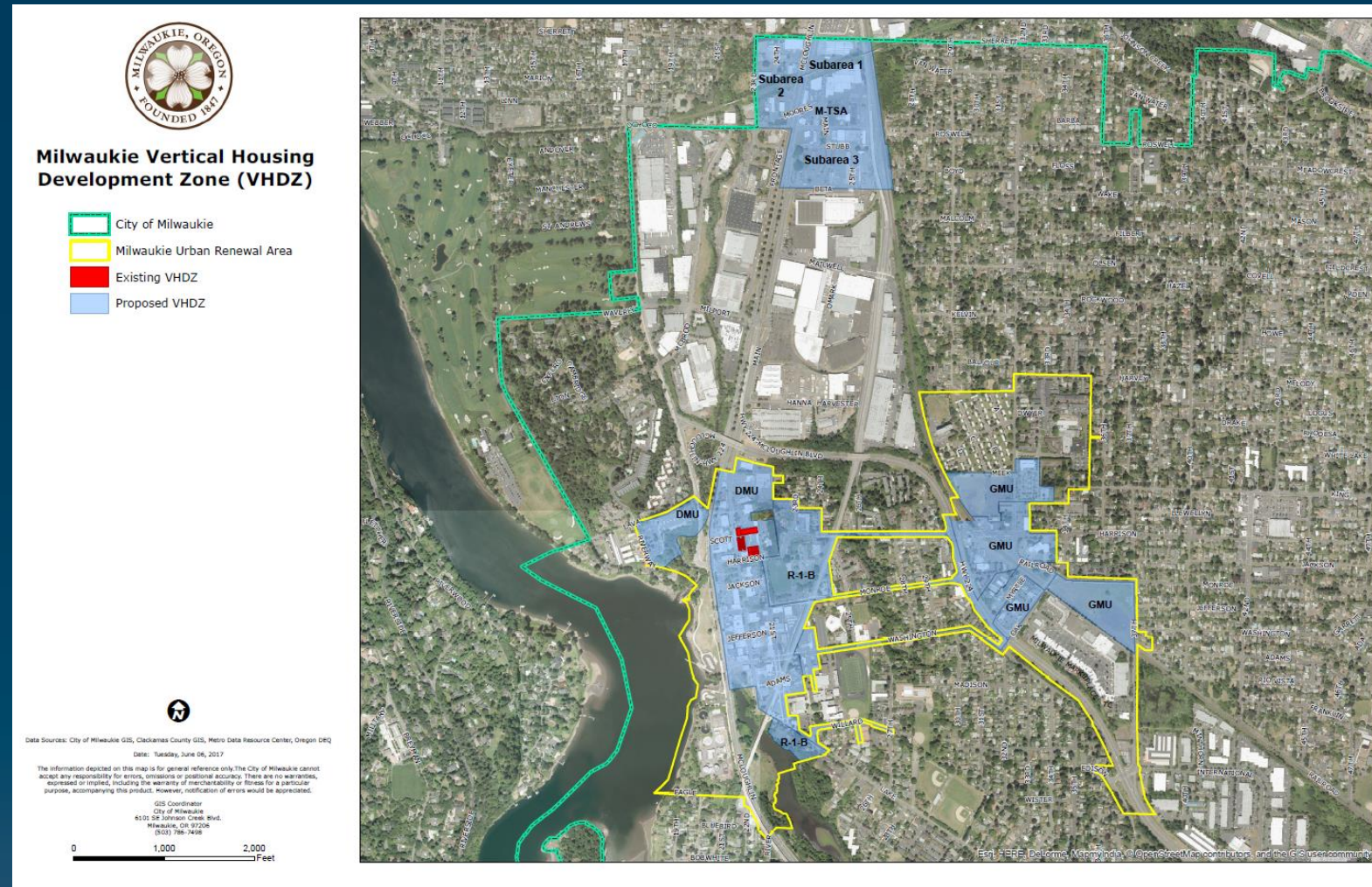
City Attorney

Authorize a required Resolution to apply for/designate the State's Vertical Housing Development Zone based on the new proposed geography

Options:

- A. Move forward with an application to the State/local Resolution based on State criteria
- B. Move forward with an application to the State/local Resolution based on State criteria that will be modified by adding local criteria through the future program development and marketing process.
 - Staff could return for a Study Session with City Council, if desired, to define local criteria should an application to expand the existing zone be approved.

Proposed Expansion Area



Proposed Expansion Area

- Downtown and Central Milwaukie:
 - Downtown Mixed Use (DMU)
 - General Mixed Use (GMU)
 - Medium and High Density Residential (R-1-B within URA)
- Tacoma Station Area Manufacturing (M-TSA):
 - Overlay Sub Area 1 (North of Springwater)
 - Overlay Sub Area 2 (West of McLoughlin)
 - Overlay Sub Area 3 (Mixed Employment)



Proposed Timeline to Expand Zone



Source: Third Central Apartments, Gresham, OR

- July 10, 2017 – Reach out to taxing districts
- August 14, 2017 – 45-day public notice to taxing districts
- August 31, 2017 – Submit application to State (or local ordinance or resolution post SB 310)
- November 2017 – Zone approval from State (or sooner if only local ordinance or resolution needed)

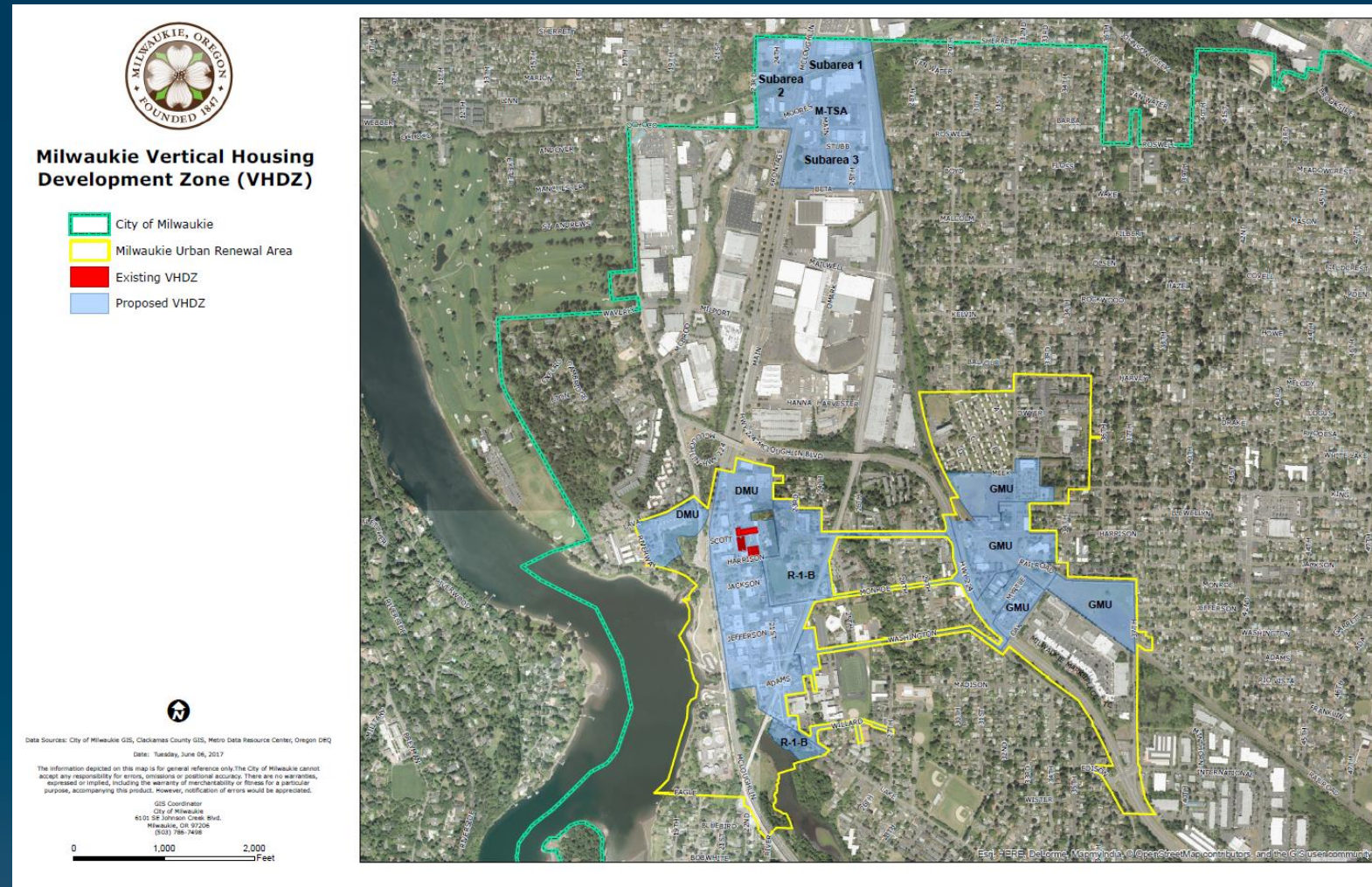
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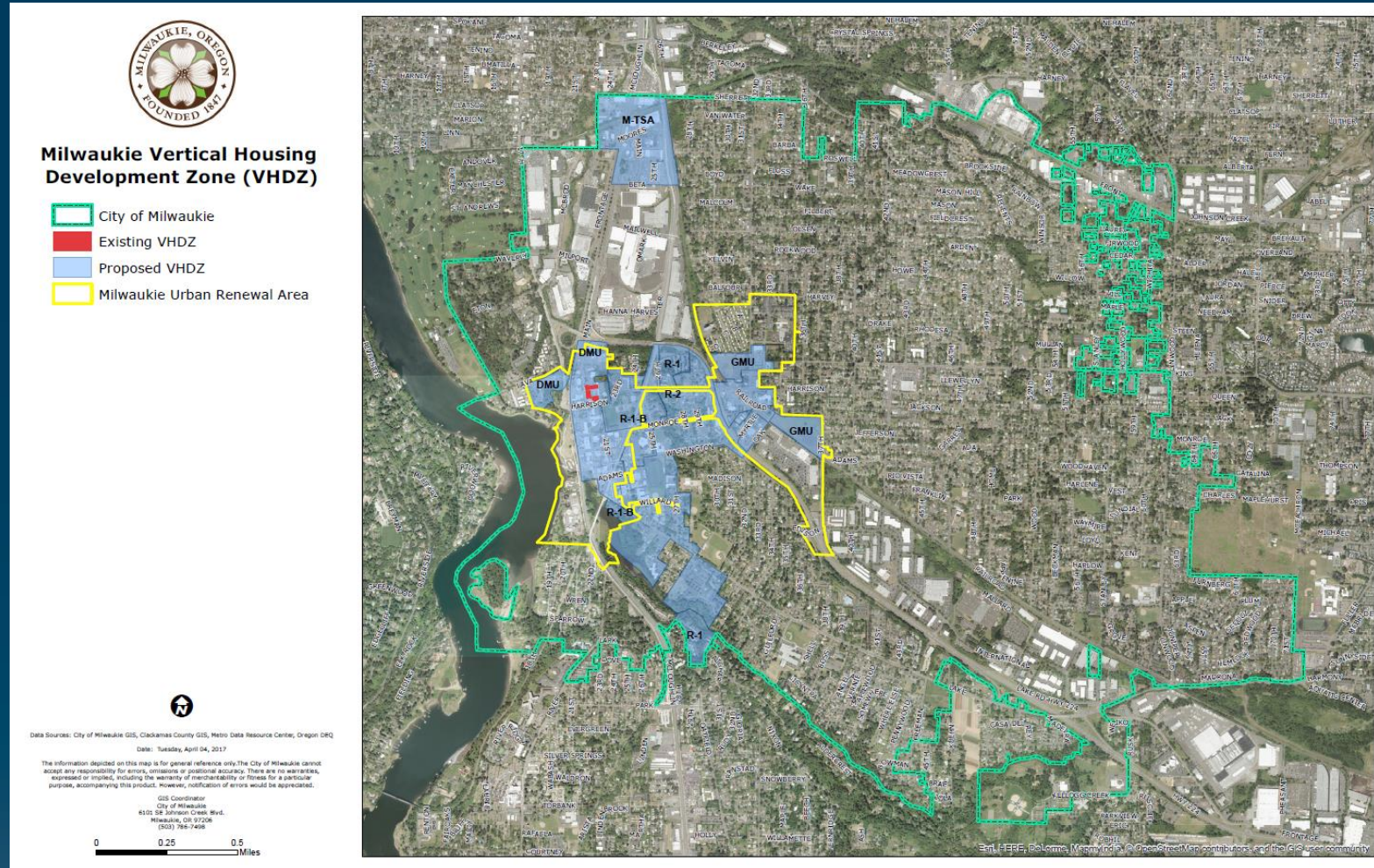




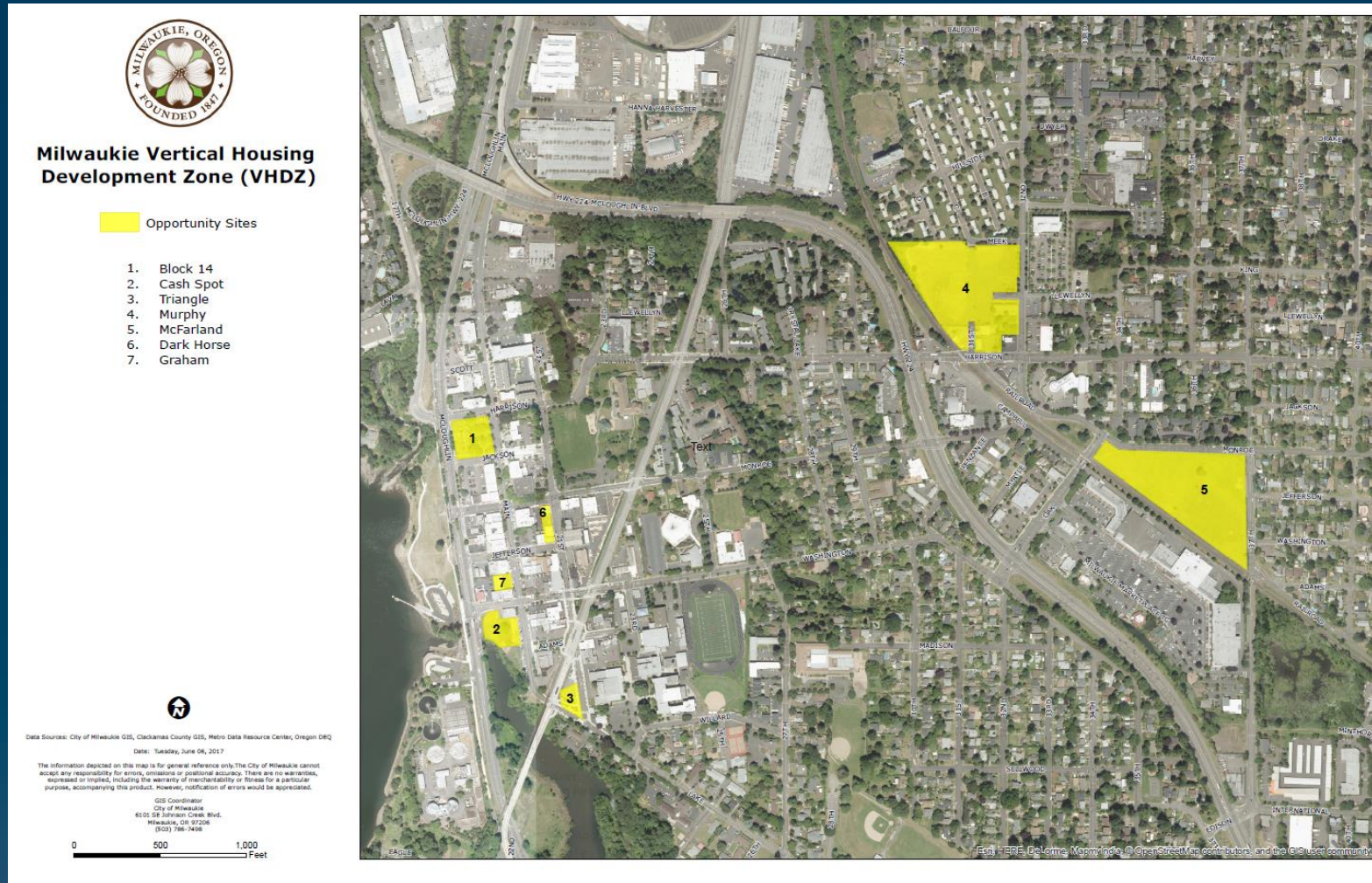
Vertical Housing Development Zone

City Council, June 13, 2017

Original Proposed Expansion Area



Alternative Expansion Area



Potential Impact

	North Main Village*	Future Example: Coho Point
Approximate Project Cost	\$14 million	\$30 million at 80%
Property Tax Prior to New Development	\$13,000/year	\$0 for past 10 years
Average Annual Tax Revenue During Abatement	\$21,000/year	\$24,600/year
Average Incremental Tax Abated	\$20,000/year	\$98,400/year
Estimated Total Annual Tax Revenue After Abatement	\$41,000/year	123,000/year

*Example does not include figures for the North Main Apartments which are still under abatement as part of the VHDZ program.

Zone Analysis

	Proposed Boundary	Proposed within URA
Number of Parcels	591	324
Land Value	\$102M	\$78M
Building Value	\$251M	\$193M
Acres	245	173

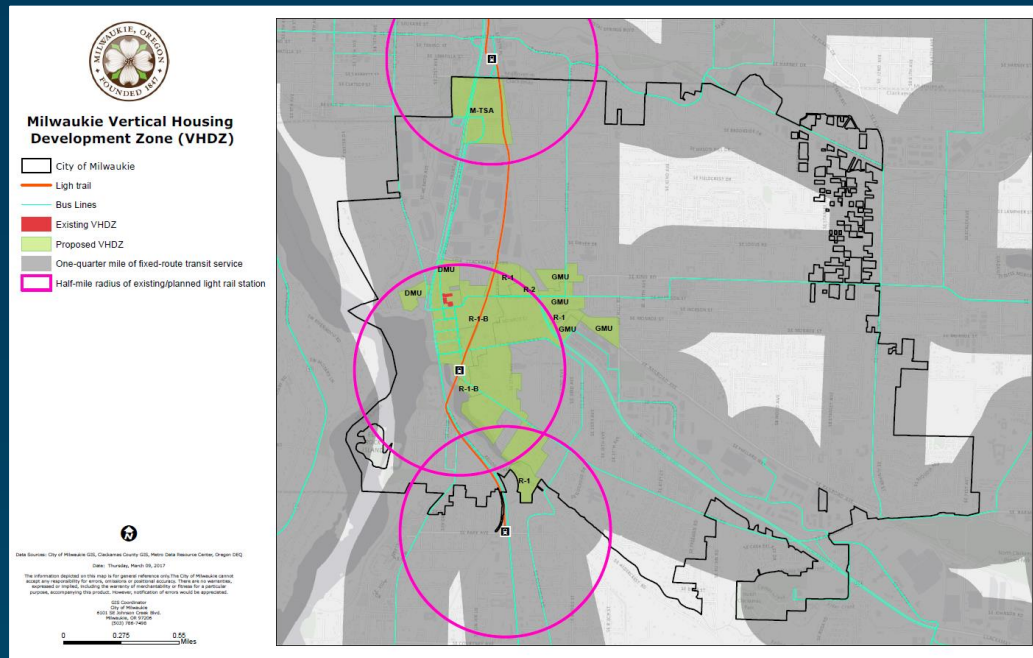
What is a Vertical Housing Zone?

- Allows for a 10-year tax abatement on new buildings up to 20% per floor for mixed-use projects
 - Abatement cannot exceed 80% of the value of the new building
- After 10 years, full value of the project is placed on the tax rolls
- Property taxes on existing land, and at least 20% of the new construction, are preserved



Source: Photo from OregonLive.com

Program Details



- Projects certified through State
- Tax abatements are applied only to the value of the building, not the land
 - An additional partial property tax exemption on the land may be given if some or all of the residential housing is designated as affordable housing
- Zone must be in a qualifying area, consistent with State criteria, defined as:
 - Completely comprised by the core area of an urban center,
 - Entirely within one-half mile radius of existing/planned light rail station,
 - Entirely within one-quarter mile of fixed-route transit service, and
 - Contains property for which land-use comprehensive plan and implementing ordinances effectively allow “mixed-use” with residential.
- Each project is provided abatement for a maximum 10-years
- Abatement applies to all taxing jurisdictions unless they opt out

Case Study – North Main Village



Source: Photo from oregonmetro.gov

Potential Future Impact



Source: 4th Main Apartments, Hillsboro, OR, photo from Apartment Finder