

Council Study Session

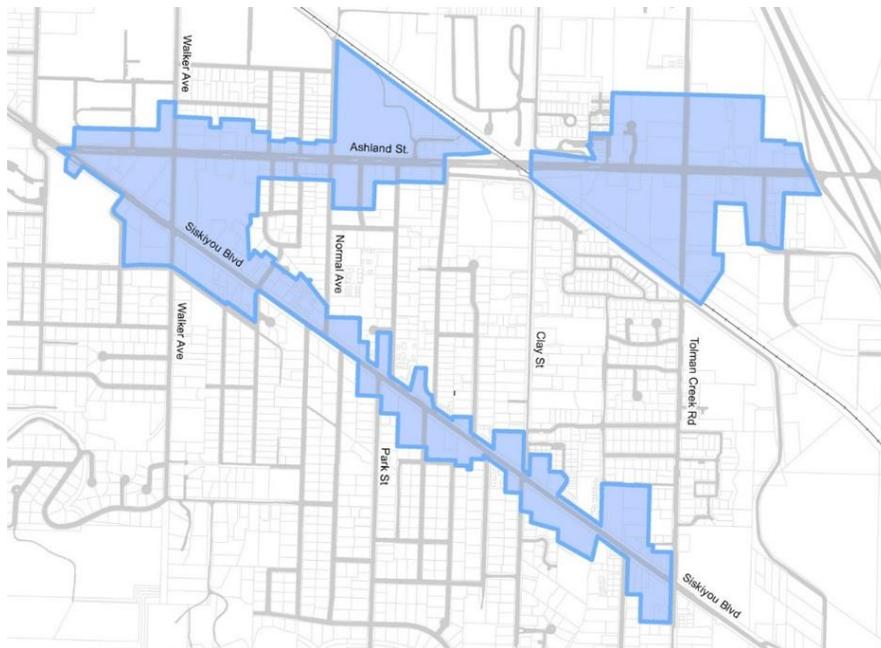
December 2, 2019

Agenda Item	Vertical Housing Development Zone	
From	Maria Harris	Planning Manager
Contact	maria.harris@ashland.or.us (541) 552-2045	
Item Type	Requested by Council <input checked="" type="checkbox"/> Update <input checked="" type="checkbox"/> Request for Direction <input checked="" type="checkbox"/> Presentation <input checked="" type="checkbox"/>	

SUMMARY

The vertical housing development zone (VHDZ) is an informational item to discuss an affordable housing requirement as part of a partial property tax exemption, provide an update on public outreach efforts with the development community and taxing districts, and outline the remaining steps required to implement a VHDZ in the Transit Triangle (TT) overlay.

Figure 1: Transit Triangle (TT) Overlay



A VHDZ is an area designated by a local jurisdiction in accordance with state law (ORS 307.844) in which a person proposing to develop a qualifying multi-story, “mixed-use” building that includes commercial uses and housing units can apply for a partial property tax exemption. While a VHDZ is described as a “zone” in the definition in state law, the area in a VHDZ is not a boundary for the purpose of application of land use and development standards. Instead, a VHDZ is a tool to designate a location where a local government is providing a financial incentive in the form of a partial property tax exemption to eligible projects to encourage mixed-use development with a housing component.

The City Council directed staff to bring back an incentive program similar to the vertical housing tax credit to a future study session as part of the infill project for the Transit Triangle at the [January 16, 2018](#) meeting. The City Council approved the TT overlay and land use ordinance amendments at the [December 18, 2018](#) meeting. The Council reviewed the VHDZ as an informational item at the [March 19, 2019](#) meeting and directed staff to bring back the item to a future meeting and to meet with local contractors to gauge interest in a partial property tax exemption. In addition, an update was provided to the Planning Commission at their [March 26, 2019](#) meeting.

POLICIES, PLANS & GOALS SUPPORTED

The purpose of the TT overlay is “to promote the development of a mix of housing units and businesses adjacent to the bus route designed in a way that encourages walking, bicycling and transit use (Ashland Municipal Code 18.3.14.010).

The *Ashland Comprehensive Plan* includes a goal in the Housing Element to “ensure a range of different dwelling types that provide living opportunities for the total cross section of Ashland’s population (6.10.01).” Included with this goal are the following applicable policies: “Policy 1: Provide for a mix of housing types that are attractive and affordable to a diversity of ages, incomes, household sizes, and household types,” and “Policy 3: Integrate housing with other compatible land uses through flexible zoning provisions.” The Housing Element includes another goal to “support the creation and preservation of housing that is affordable to low and moderate income households and that is commensurate with the incomes of Ashland’s workforce (6.10.02),” along with the following applicable policy “Policy 14: Provide for minimal off-street parking requirements in locations where it is demonstrated that car ownership rates are low for resident populations in order to help reduce housing costs and increase affordability and where the impact on neighborhoods allow.”

The *Ashland Comprehensive Plan* includes a goal in the Economic Element to “ensure that the local economy increases in its health, and diversifies in the number, type, and size of businesses consistent with the local social needs, public service capabilities, and the retention of a high quality environment (7.07.03),” and a policy which says development guidelines should ensure that “development along Siskiyou Boulevard and Ashland Street will not primarily be automobile-oriented, but will also include attractive landscaping and designs that encourage pedestrian, bicycle, and mass transit forms of travel.(7.07.03.c.2).” A similar policy is included in the Transportation Element regarding development of Ashland Street as a “multi-modal” corridor (10.09.02.7).

The *Economic Development Strategy* includes an action to “create incentives for development applications that meet certain predefined economic development eligibility criteria (Action 7.2).”

The *Climate and Energy Action Plan* (CEAP) includes an action to “Establish policies to support development near transit hubs without displacing disadvantaged populations. Transit-oriented development (TOD) increases housing density within walking distance of transit hubs. Creating a TOD zoning overlay or similar policy could reduce car use, but Ashland will need to design any policy carefully to avoid unintended consequences, such as gentrification that threatens housing affordability and could displace vulnerable populations (CEAP ULT-1-3).”

The *Climate and Energy Action Plan* (CEAP) includes an action to “Revise community development plans to favor walkable neighborhoods and infill density. Ashland has a series of long-range planning documents that guide development across Ashland districts, neighborhoods, and natural areas. Revisiting these plans to ensure that they support climate-ready development needs, such as walking, biking, transit, parking management, and climate adaptation features, will ensure that Ashland development is consistent with the City’s climate goals and commitments. It will be important to

ensure that these activities do not come at the expense of higher housing costs, which could disadvantage low-income populations (CEAP ULT-4-2).”

BACKGROUND AND ADDITIONAL INFORMATION

1. General VHDZ Information

If the City of Ashland adopts a VHDZ in the TT overlay, development applications may be filed for a partial property tax exemption or “certification.” Projects approved and certified will be eligible to receive a 20 percent partial property tax exemption for each floor of residential units above a ground floor of commercial use and not more than 80 percent exemption for any single project. The exemption does not include the value of the land, unless the project includes a floor or more of low income housing (i.e., no greater than 80 percent of area median income). The partial property tax exemption, once granted by the county tax assessor, will run for ten years for a certified project. Any multi-story mixed-use buildings approved for the partial tax exemption would be fully taxed after 10 years when the exemption expires.

The VHDZ was established under state law in 2001 to provide local jurisdictions a tool to encourage the private sector to build multi-story, "mixed-use" buildings that include commercial uses and residential housing. A mixed-use building typically includes commercial uses on the first floor and residential housing on one or more upper floors.

In order to be eligible for a partial property tax exemption, state law includes the following requirements.

- The project must be entirely located in an established VHDZ.
- The project must be a multi-story building including a mix of nonresidential uses (e.g., commercial) and residential housing.
- At least 50 percent of the building’s ground floor that fronts on the primary public street must be committed to nonresidential uses.
- Construction or rehabilitation must have started on each building included on the project.

The local jurisdiction is responsible for administering the program and monitoring approved projects for compliance with state law and any additional local requirements. A local jurisdiction that establishes a VHDZ is permitted to terminate the zone at any time. Termination of a VHDZ does not affect any exemptions that were granted under the zone prior to the termination date.

State law establishes that the determination by the local jurisdiction to approve or deny certification for the partial tax exemption is discretionary. As a result, the local jurisdiction’s decision is final and not subject to judicial or administrative review.

2. Affordable Housing Requirement

The possibility of establishing local criteria that would require affordable housing as part of receiving a partial property tax exemption was discussed at the March 19, 2019 City Council meeting.

Fregonese Associates created and analyzed building scenarios with an affordable housing requirement to test the impacts on a partial property tax exemption and financial feasibility of the projects. Fregonese Associates will present their analysis at the December 2, 2019 Council Business Meeting. A memo from Fregonese Associates summarizing the building scenarios is attached.

Fregonese Associates determined that requiring 20 percent of the units to be affordable to households at 60 to 80 percent of the area median income (AMI) would require a substantial subsidy to make the project financially feasible. In other words, requiring affordable units in exchange for the partial property tax exemption would cancel out the benefit of the incentive. This in turn would make the partial property tax exemption less useful as a tool to encourage housing units in the TT overlay.

Fregonese Associates recommendation is to create a VHDZ zone without requiring an affordable housing component and to promote and utilize the many existing financial incentives already available.

3. Developer Roundtable

The Council directed staff to work with local contractors to see if they would use a vertical housing development zone at the [March 19, 2019](#) meeting. A developer roundtable meeting was held on September 26, 2019 to discuss a VHDZ (see attached meeting notes). The group was favorable about the implementation of a VHDZ and suggested expanding the zone to other areas in the city and amending the code to allow five-story buildings so that developments could obtain the full partial property tax exemption. Participants also expressed the need for local staff to promote and provide information about the program.

Another issue that was raised at the roundtable was changing the current zoning requirement that residential dwelling units must be rental units, rather than ownership units (i.e., condominiums), to use of the development standards (i.e., FAR, parking standards, landscaping standards) offered in the TT overlay. The suggestion was that more housing units in the TT overlay should be the goal whether the multifamily dwelling units are for ownership (i.e., condominiums) or are rental units.

4. Taxing Districts

State law requires the local jurisdiction to send a mailed notice explaining the local jurisdiction's intention to designate a VHDZ to all taxing districts with taxing authority within a proposed VHDZ. Taxing districts have the right to participate or to elect not to participate in a partial property tax exemption that may be granted to certified projects within a designated VHDZ. Taxing districts that do not communicate in writing their election to not participate in the partial property tax exemption for certified projects are deemed to be participatory in the partial property tax exemption for certified projects.

Nine taxing districts in addition to the City of Ashland have taxing authority in the TT overlay including Jackson County, Jackson County Library Services, Jackson County Soil and Water, Jackson County Vector Control, Jackson County 4H, Rogue Valley Transportation District (RVTD), Rogue Community College (RCC), Ashland School District and the Educational Services District (ESD).

Staff arranged and held a meeting on November 7 to discuss the designation of a VHDZ in Ashland. Invitations were sent to representatives of the nine taxing districts and the Jackson County Assessor's Office. The email invitation was sent on October 21 and explained the purpose of the meeting, outlined the taxing districts ability to participate or not participate under state law, included links to online materials on the potential VHDZ, offered to meet individually at a different time and provided staff contacts. A reminder email was sent two days before the meeting. Subsequently, none of the taxing districts attended the meeting on November 7.

One of the objectives of holding the informal meeting on November 7 was to obtain an indication of the interest level of the nine taxing districts in participating in a VHDZ. The level of participation is relevant because the more taxing districts that participate results in a larger partial property tax exemption to eligible developments in the VHDZ.

In accordance with state law, the attached notice was mailed to the nine taxing districts on November 19, 2019. While state law requires a minimum of 30 days to allow the taxing districts to respond to the notice, this time was extended to January 31, 2020 to allow adequate time should the recipients

need to schedule time with a board or commission to review the notice. Staff will be following up the notice with individual phone calls to the taxing district representatives.

5. Other City Programs

Staff contacted several cities regarding their VHDZ programs including Beaverton, Oregon City, Tigard and Central Point. In addition to general lessons learned, staff was interested in six key questions: 1) number of zones and number of projects, 2) VHDZ characteristics (e.g., development activity, transit service), 3) city staff’s perception of impact on partial property tax exemption on financial feasibility, 4) taxing district participation, 5) whether the City established additional local criteria (e.g. affordability requirements) and 6) staff time required to administer program. The following table summarizes the information from the discussions with City staff.

City	Program Activity	VHDZ Characteristics	Impact on Financial Feasibility	Taxing District Participation	Local Criteria	Staff Time Required to Administer Program
Beaverton	5 zones, 3 certified projects, 1 in process	1 zone is downtown that is also an urban renewal district. 2 zones are served by transit.	Works for projects that wouldn't pencil without the program.	all	none	Doesn't take significant staff time to certify projects or administer program. Challenge is to market it to developers.
Oregon City	1 zone, 1 certified project	zone is downtown and is also an urban renewal district.	N/A	all	none	Doesn't take significant staff time to certify projects or administer program.
Tigard	2 zones, 3 certified projects, 4 in process	1 zone is downtown that is also an urban renewal district. The other zone is located at a planned light rail station.	Makes projects happen that wouldn't occur without, allows developers to go into untested markets.	all	none	Doesn't take significant staff time to certify projects or administer program.
Central Point	1 zone, 1 certified project	downtown	N/A	all	none	N/A

6. Next Steps

If the City Council decides to move forward, the process for establishing a VHDZ is outlined in state law as follows.

- a. The local jurisdiction designates an area within the city or county as a VHDZ.
- b. The local jurisdiction must notify the local taxing districts that have territory in the proposed VHDZ of the local jurisdiction's intention to designate a VHDZ. (Note: notice completed.)
- c. Any taxing district not agreeing to participate in the VHDZ must notify the local jurisdiction within 30 days of receiving the notice. (Note: responses to notice due by January 31, 2020.)
- d. The local jurisdiction adopts an ordinance or resolution designating the VHDZ and any additional local criteria. The local jurisdiction is required to wait at least 60 days after sending the notice to the local taxing districts before adopting an ordinance or resolution designating the VHDZ.
- e. After adopting a resolution or ordinance, the local jurisdiction notifies the county assessor of the designation of the zone and the districts that elect not to participate in the zone.

In order to complete the process of establishing a VHDZ in the TT overlay, the following work tasks are required.

- **Finalize VHDZ boundaries.** The original direction from the Council was to bring back an incentive tool like VHDZ for the Transit Triangle area. Qualifying or "certified" developments under state law have to have at least 50 percent of the ground floor in nonresidential uses. Since qualifying or certified multi-story, "mixed-use" buildings that include commercial uses and residential housing are typical of commercial and employment zones, staff is recommending the VHDZ include the properties that are zoned Commercial C-1 and Employment E-1 that are located within the Transit Triangle. See the attached map.
- **Respond to taxing district inquiries and compile information on participating taxing districts.** The required notice was sent to taxing jurisdictions and response are due by January 31, 2020. Staff will individually contact taxing districts and follow-up with conversations and meetings as necessary. If a significant portion of the taxing districts decline to participate, a re-evaluation of the effectiveness of a partial property tax exemption may be something to consider before moving forward with additional work.
- **Hold a public hearing and designate VHDZ.** The local jurisdiction adopts a resolution designating the VHDZ and any additional local criteria. Staff will prepare a draft resolution and any necessary public hearing materials, including public hearing notices to taxing districts, outreach to the developer roundtable group and any other required public notices.
- **Notify Assessors Office.** If the VHDZ is designated, contact the Jackson County Assessor's Office to notify of the designation of the VHDZ and any districts that elect not to participate in the zone.
- **Establish VHDZ program materials and publicize.** Staff will create application forms, information handouts and City website information. Additionally, outreach would be developed to publicize the program.

FISCAL IMPACTS

If the City were to establish a VHDZ and associated program, staff time would be required to administer the program and monitor certified projects that receive the tax exemption. The number of developments that using a partial tax exemption will impact the associated work load. At the same time, it is difficult to predict the potential projects that will pursue the incentive if it is established.

DISCUSSION QUESTIONS

Local criteria for partial property tax exemption: Should affordable housing be required for a project to be eligible to receive a partial property tax exemption in the VHDZ in the TT overlay?

VHDZ boundaries: Should staff move forward with the boundary of the VHDZ in the TT overlay as shown on the attached draft map?

SUGGESTED NEXT STEPS

Staff believes there are two options if the City Council wishes to move forward with implementing a VHDZ in the TT overlay.

1. One option would be for staff to check in with the Council if the responses from the taxing districts indicate partial or limited participation in the partial property tax exemption before moving forward with the work necessary to prepare for a public hearing and adoption of a VHDZ in the TT overlay.
2. Another option would be move forward with the work necessary to prepare for a public hearing and adoption of a VHDZ in the TT overlay for at the first available meeting time after the taxing district responses are required on January 31, 2020.

REFERENCES & ATTACHMENTS

Attachment 1: Meeting Comments, Developer Roundtable Meeting, September 26, 2019

Attachment 2: Notice to Taxing Districts

Attachment 3: List of Taxing Districts

Attachment 4: Draft VHDZ Map



MEMORANDUM

To: Maria Harris, Planning Manager, City of Ashland
From: Scott Fregonese, Fregonese Associates, Inc.
Date: November 18, 2019
RE: Feasibility Analysis on Requiring Affordable Housing on VHDZ

INTRODUCTION

In response to your request, this memo includes recommendations regarding the feasibility of requiring an affordable housing component within a Vertical Housing Development Zone (VHDZ). Through working with the City of Ashland on the Transit Triangle Infill Strategies Project, Fregonese Associates is very familiar with the dynamics around affordable housing development within the study area and the creation of a VHDZ. Our recommendation would be to create a VHDZ zone without requiring an affordable housing component and to promote and utilize the many existing financial incentives already available.

HOW DOES THE VERTICAL HOUSING DEVELOPMENT ZONE INCENTIVIZE DEVELOPMENT?

A VHDZ incentivizes mixed-use residential/commercial developments by providing a partial property tax exemption on qualified projects in areas designated by communities. For Ashland, a VHDZ can be designed to encourage the private sector to build higher-density mixed-use development, with a first-floor commercial use and two residential floors above, particularly within the Transit Triangle, an area well served by regional transit. It provides qualified development projects a 10-year property tax exemption on the value of new construction or rehabilitation for 20 percent per residential floor for floors above a commercial ground floor with total exemption limited to no more than 80 percent. Thus, adding jobs and commercial spaces while encouraging moderately-priced housing through increased density. Additional exemptions can be available for projects with affordable housing component.

RETURN ON INVESTMENT (ROI) ANALYSIS USING BUILDING PROTOTYPES

A range of building types or “prototypes” were modeled using the ET pro forma model. The building prototypes include the physical attributes of buildings, such as height and landscaping, and the financial attributes, such as rents and construction costs. The ET pro

forma model is used to evaluate the financial feasibility of the building prototypes. The model can then be used to look at different scenarios or changes to building and site characteristics and see if the financial feasibility of the development is impacted. For example, changes to the amount of parking required for a mixed-use building with office and residential units can be evaluated to see how the return on investment (ROI) is impacted.

Fregonese Associates tested a requirement of 20% affordable units at both 60% and 80% average median income (AMI) within the Transit Triangle. Using both 3 and 4 story mixed-use building prototypes, we determined they would require a substantial subsidy to make the project financially feasible. The subsidy amount ranged from \$570,000 to \$1,178,000. Based on this analysis, adding an affordable housing requirement as part of the VHTZ would create the need for substantial subsidies or alternative methods for filling a sizeable financial gap. Placing requirements for affordable housing on an incentive program like VHTC essentially removes the incentive for developers to utilize the program in the first place.

RECOMMENDATION

Our recommendation would be to promote and utilize the many existing financial incentives already available to encourage affordable housing development. These include but are not limited to the following:

Direct Federal, State and local subsidies

- USDA Rural Development loan programs
- Oregon Housing and Community Services and HUD grant programs
- Low Income Housing Tax Credits
- Ashland Community Development Block Grants
- Ashland Affordable Housing Trust Funds

Fee and Tax Waivers

- Ashland's System Development Charges, Community Development fees, and Engineering fees are waived for qualified affordable housing units
- Property tax abatement provided for non-profit affordable housing projects
- Jackson County reduces the assessed value of qualified affordable housing to match the maximum resale restriction amount

CITY OF ASHLAND

Developer Roundtable
September 26, 2019

Guests:

Chris Brown
Ray Chirgwin
John Fields
Amy Gunter
Ryan Haynes
Kerry KenCairn
Ray Kistler
Mark Knox
Rick Lindemann
Gil Livni
Kim Locklin

Staff/Consultants Present:

Bill Molnar, Community Development Director
Maria Harris, Planning Manager
Brandon Goldman, Senior Planner
Becky Hewitt, EcoNorthwest
Scott Fregonese, Fregonese Associates

Bill Molnar welcomed everyone to the meeting, introduced Becky Hewitt and Scott Fregonese, and gave background on the Ashland Housing Strategy Implementation Plan and the Infill Strategies Project/Vertical Housing Development Zone.

Presentation

Becky Hewitt made a presentation about the Ashland Housing Strategy Implementation Plan and reviewed the recommended code amendments for multifamily zones including increase in densities or using floor area ratio (FAR), increasing allowed height in R-3 from 2 ½ to 3 stories, decreasing multifamily parking requirements for smaller units (studio, 1BR, 2BR), increasing lot coverage allowances slightly, streamlining review process for multifamily projects and revise annexation policies. Presentation is available at

[http://www.ashland.or.us/SIB/files/AshlandHousing_DeveloperRoundtable_Presentation_v3\(2\).pdf](http://www.ashland.or.us/SIB/files/AshlandHousing_DeveloperRoundtable_Presentation_v3(2).pdf) .

Comments

- Did look at the multifamily zones in the Historic District? Concerned about design standards as they relate to multifamily apartments.
- The maximum permitted house size (MPFA) in R-2/R-3 in the Historic districts may be a potential impediment to more multifamily development.
- The first constraint on any project is meeting the solar setback and the impact on building height. The recommended code changes won't make a difference if the solar setback stays in place and limits building height.
- Cottage housing works well, suggest using in multifamily zones. Specifically, reduced parking requirements.
- Things that limit development potential in multifamily zones is the required distance between buildings, open space requirements, lot coverage calculations (all other jurisdictions in Rogue Valley only count structures) and storm water detention requirements (e.g., space it takes to install detention and bioswales, installation of detention tank given challenging soils).
- Recent visit to San Miguel County, CO, limit the number of rental units anyone can own.
- Agree with some protection of historic districts. Agree solar access ordinance limits density and in some cases creates less livable design. Within a development should have some flexibility with solar setback. Along with solar setback, parking requirements dictates development.
- Why is the emphasis on small units?

- Should change condo conversion ordinance so if multifamily project is built as apartments, developer isn't penalized if need to convert to condos. Current code forces developers to build units as condos initially instead of trying rentals. Would like to know more about MUPTC.
- Another limiting factor is fire apparatus access for aerial trucks. At 26 feet wide, it is wider than city street requirements.
- SDC collection up front can limit residential development. Should be tied to certificate of occupancy. Staff provided clarification that recent ordinance changes to allow deferred payment of SDC's to certificate of occupancy.

Presentation

Scott Fregonese made a presentation about the Vertical Housing Development Zone (VHDZ) and reviewed projected tax revenues and exemptions for three and four story building scenarios. Presentation is available at <https://www.ashland.or.us/Page.asp?NavID=17868>.

Comments

- Suggest change code to allow five stories so can get full exemption of 80%.
- Cost of building increases from three to four stories and exemption won't cover jump in construction costs.
- Suggest allowing in railroad property. Allow increased height and density in that area.
- At year 11 (after tax exemption is expired), is reassessed?
- VHDZ was cumbersome when administered by the state. City needs to promote if put in place. Needs to happen in other areas besides Transit Triangle (TT) overlay. Shouldn't be limited to rental units, more housing units should be the goal. Very few local people can build that volume of units.
- How does impact the enterprise zone?
- Multifamily is needed and is the issue. People who are renters in Ashland are trapped in their current housing because there is no availability. Renters are vulnerable because can't move and are at the mercy of the landlords. On top of that, high percentage of renters are severely rent burdened.
- Cottage housing applications were tough because of neighborhood issues, glad to have staff support with application process.
- Agree that tax credit should be used in other areas.
- Need staff person who can tell you about incentives.



November 19, 2019

Vertical Housing Development Zone Designation

The City of Ashland can designate a Vertical Housing Development Zone (VHDZ) under ORS 307.844. The VHDZ was established under state law in 2001 to provide local jurisdictions a tool to encourage the private sector to build multistory "mixed-use" buildings that include commercial uses and residential housing.

The City of Ashland is considering a VHDZ that will include properties in the Transit Triangle (TT) overlay that are zoned Commercial C-1, Employment E-1 and Southern Oregon University (SOU), as shown in the attached map. See the **Background** information on the reverse regarding an analysis of the impact of a partial property tax exemption using a VHDZ on building valuations and tax revenue.

The designation of a VHDZ requires a mailed notice to all taxing districts with taxing authority within the proposed zone. Taxing districts formed under authority of ORS 198.010 – 198.180 have the right to participate or to elect not to participate in partial property tax exemptions that may be granted to certified projects within the designated VHDZ. ORS 198 districts must respond in writing no later than January 31, 2020 indicating the determination of the district to either participate or not to participate in the potential partial tax exemptions that may be granted to certified projects in the proposed VHDZ.

If the proposed VHDZ is approved by the Ashland City Council, development applications may be filed for a VHDZ partial property tax exemption or "certification". Projects approved and certified will be eligible to receive a 20 percent partial property tax exemption for each floor of residential units above a ground floor of commercial use. The partial property tax exemption is limited to not more than 80% of the ad valorem value of the improvements. The exemption does not include the value of the land, unless the project includes a floor or more of low income housing (i.e., no greater than 80 percent of area median income). The partial property tax exemption, once granted by the county tax assessor, will run for ten years for a certified project. Any multi-story mixed-use buildings approved for the partial tax exemption would be fully taxed after 10 years when the exemption expires.

ORS 198 taxing districts that do not communicate in writing their election to not participate in the partial property tax exemption for certified projects will be deemed to be participatory in the partial property tax exemption for certified projects.

Please contact Maria Harris at the City of Ashland Department of Community Development at (541) 552-2045 or maria.harris@ashland.or.us for more information.



Background

The purpose of the proposed Vertical Housing Development Zone (VHDZ) would be to provide a partial property tax exemption for multistory "mixed use" buildings that include commercial uses and residential units in the area surrounding the bus route on Ashland St. and Siskiyou Blvd. The area surrounding the bus route has seen limited development and redevelopment over the past three decades. The proposed VHDZ provides an incentive to encourage the private sector to build multistory "mixed-use" buildings that include commercial uses and residential housing

The City of Ashland created and analyzed several development scenarios to test the impacts of a partial property tax exemption on building valuations and property tax revenue in the proposed VHDZ. The sample building scenarios are at the site level and include a scenario for a one-story commercial building, a three-story mixed-use building and a four-story mixed-use building. A one-story commercial building was created to use as the base line to compare the results of the multi-story mixed-use buildings. A one-story commercial building is used as the base line because this type of development is reflective of the development over the last past several decades in the proposed VHDZ including the Rogue Credit Union at 1661 Ashland St., Wendy's at 1624 Ashland St., Oil Stop Drive Thru at 2210 Ashland St. and Sherwin-Williams Paint Store at 2220 Ashland St.

The analysis indicates the property taxes collected on a three or four-story mixed-use building with a partial tax exemption for 10 years will exceed the taxes collected on a one-story commercial building with no tax exemption for the same 10-year period (see table below). This is because the value of a multi-story, mixed-use building is higher than that of a one-story commercial structure. In the long term, any multi-story mixed-use buildings developed in the TT overlay using a partial tax exemption would be fully taxed after 10 years when the exemption expires. Again, this would add higher value multi-story buildings to the tax base.

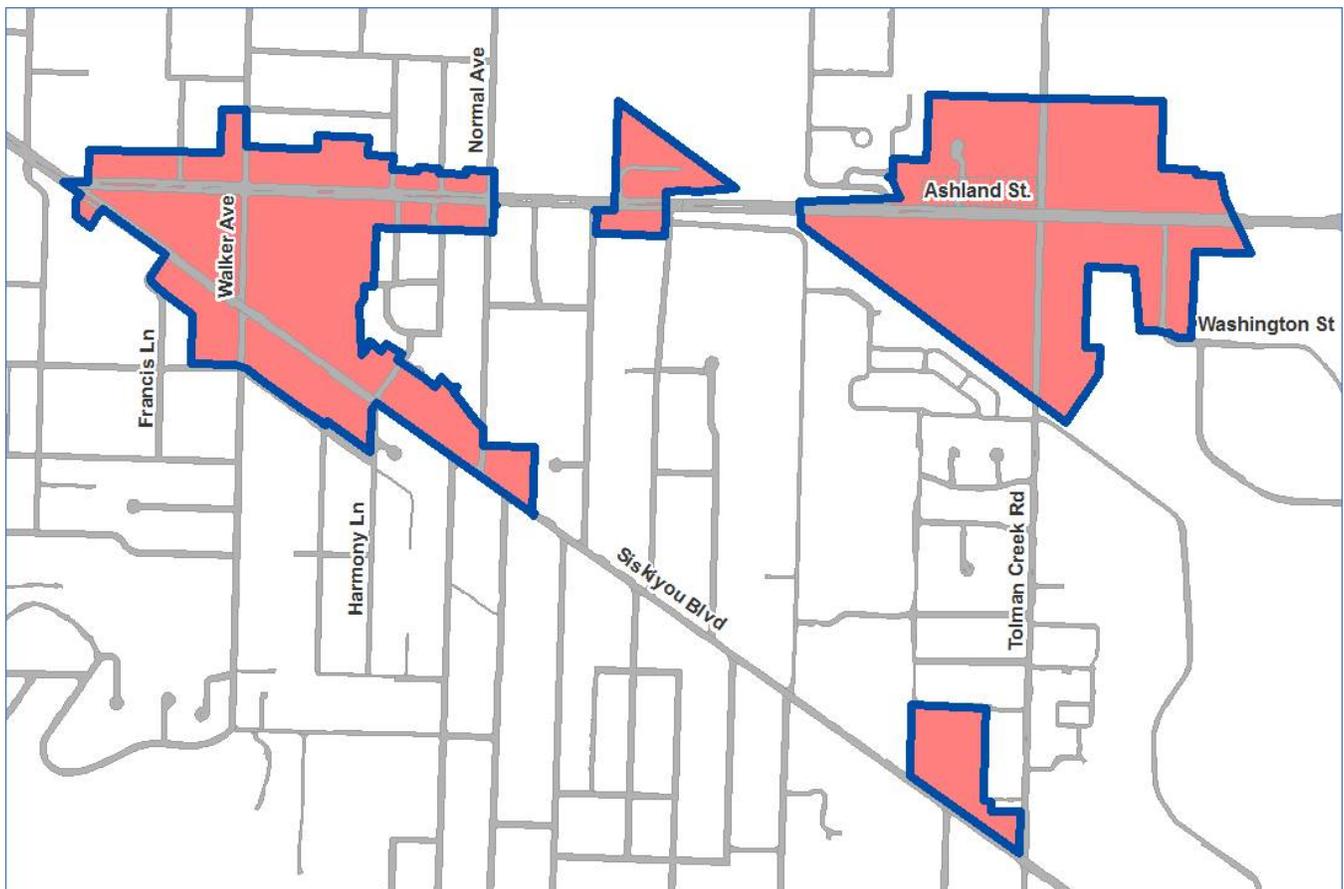
Comparison of Development Scenarios			
Building Valuation, Tax Exemption and Tax Revenue¹			
	1-Story Commercial Building	3-Story Mixed-Use Building	4-story Mixed Use Building
Building Value	\$1,900,000	\$5,200,000	\$6,230,000
Total 10 Year Property Tax	\$382,000	\$753,000	\$903,000
Total Tax Exemption over 10 Years	\$0	\$245,000	\$457,000
Remaining Tax Collected over 10 Years	\$0	\$508,000	\$446,000

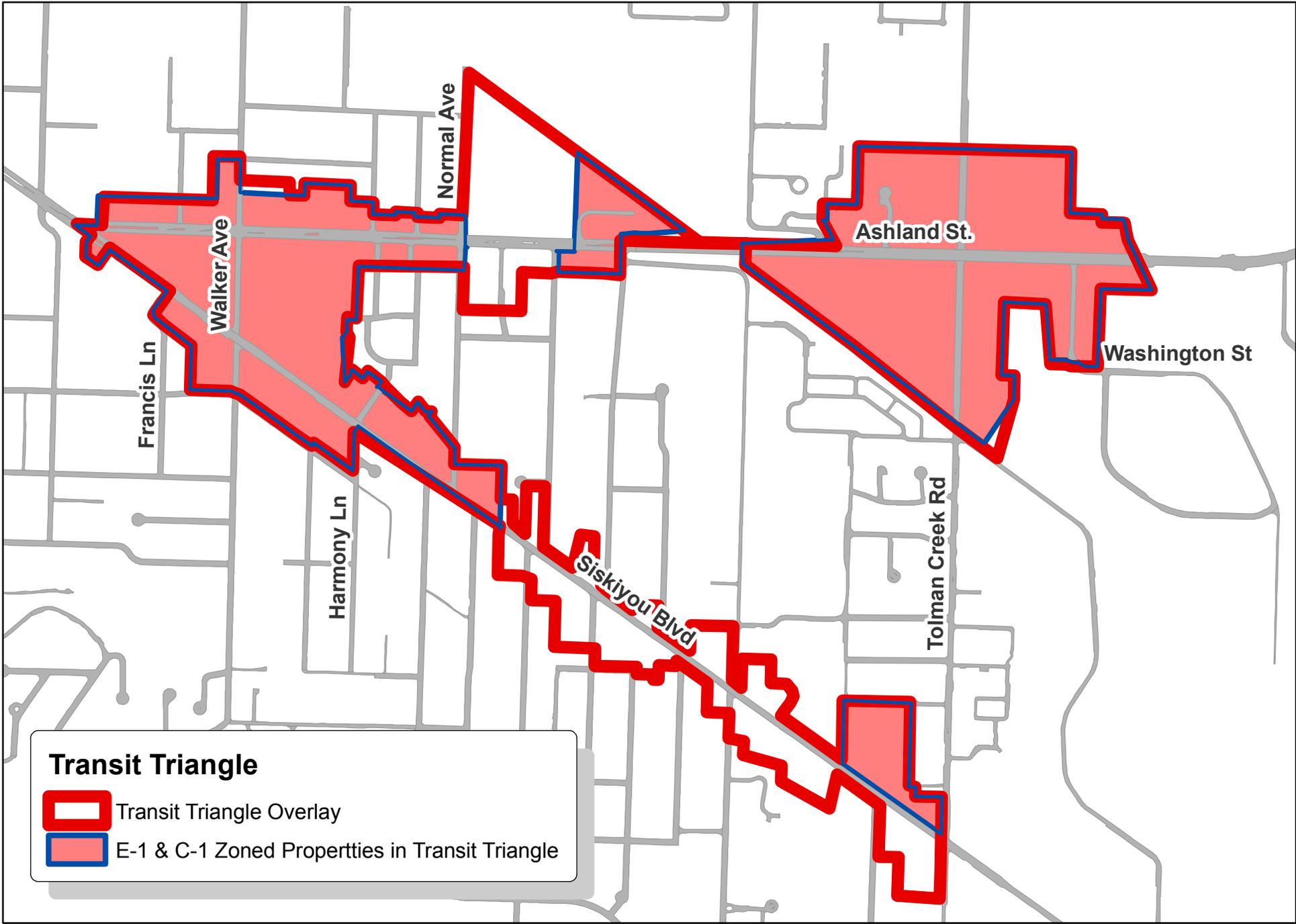
¹Tax Revenue estimates based on combined tax revenue of all taxing districts.

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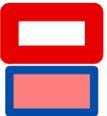


Proposed Vertical Housing Development Zone (VHDZ)





Transit Triangle



Transit Triangle Overlay

E-1 & C-1 Zoned Properties in Transit Triangle

1 inch = 800 feet



CITY OF
ASHLAND

