



Community Development Department

P.O. Box 970 ▪ 414 E First Street ▪ Newberg, Oregon 97132
503-537-1240 ▪ Fax 503-537-1272 ▪ www.newbergoregon.gov

February 9, 2021

Yamhill County Extension Service District (YCESD) Board of Directors
2050 NE Lafayette Ave
McMinnville, OR 97128

RE: Request for formal Opt In/Opt-Out Decision – City of Newberg Vertical Housing Development Zone

Dear YCESD Board Members:

We appreciate the opportunity to present the City of Newberg's proposed Vertical Housing Development Zone (VHDZ) to the YCESD Board of Directors. As described in our presentation on November 5, 2020, there are several additional steps remaining before the City of Newberg can formally establish the VHDZ. This letter is the formal opt-in or opt-out letter we mentioned in our presentation. The City of Newberg Planning Commission will conduct a public hearing to consider the VHDZ on April 8, 2021 and make a recommendation to the City Council. The final step is for the City Council to hold a public hearing on May 17, 2021 to consider adopting the VHDZ.

The location of the proposed VHDZ is illustrated in Attachment 1. The VHDZ encompasses all the C-3 Central Business zoned properties as well as some M-2 Light Industrial zoned properties. Although this program offers partial tax exemptions to qualified projects, it is designed to ensure that taxing districts will be minimally impacted. ORS 307.864 (Partial property tax exemption) fully explains the partial tax exemption (Attachment 2: ORS 307.841 to 307.867). Typically, the 20% tax exemption applies only to the additional value created by the addition of the first four floors of residential development in a multi-story building. One floor of residential yields a 20% tax exemption, two floors of residential yields a 40% tax exemption, three floors of residential yields a 60% tax exemption and the maximum 80% tax exemption would be for four floors of residential use above the first floor of nonresidential use. Projects classified as affordable housing do receive a larger tax exemption on the land value at the same 20%, 40%, 60% and 80% rate for the number of residential floors above the first floor of nonresidential use. For market rate housing projects, tax districts receive taxes on 100% of the "pre-project" value of the property and taxes on the increased property value of the first story non-residential development. There is no tax exemption for the first floor of nonresidential use.

Districts listed in ORS 198.010 ("District" defined for chapter) or 198.180 ("District" defined for ORS 198.190) have the option to not participate in the VHDZ. If a special district opts-out, it means the exemption possible for a developer will be smaller than it would be if the district did not opt-out and therefore degrade the usefulness of this economic development tool.

Therefore, this letter is to respectfully request the YCESD Board of Directors formally express their desire to opt-in or opt-out of the proposed VHDZ and furnish a copy of a resolution or other appropriate official instrument duly adopted by your governing body and return the formal documentation to the City

within 30 days after the YCESD Board of Directors received this notice to: City of Newberg, Community Development Department, Attn. Keith Leonard, Associate Planner, PO Box 970, OR 97132.

If you have any questions about the VHDZ or its adoption process, please feel free to call or email me. Thank you for the consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Keith Leonard', written in a cursive style.

Keith Leonard, AICP
Associate Planner
City of Newberg
keith.leonard@newbergoregon.gov
(503) 537-1215

Attachments:

1. Proposed VHDZ Map
2. ORS 307.841 to 307.867