



Downtown Idea Exchange

Improving physical, social and economic conditions downtown

ECONOMIC GROWTH

Vertical development zone encourages mixed-use projects

In 2014, the city of Tigard, OR (est. pop. 48,035), introduced a new Vertical Housing Development Zone that it hoped, when bundled with other tools such as Tax Increment Financing, would encourage mixed-use development in targeted areas, including the downtown.

The Vertical Housing Development Zone offers qualified projects a 20 percent per floor tax exemption on new residential development for the first four residential floors, when that development is built above nonresidential space.

“Financial modeling shows that a vertical housing based tax exemption moves some multi-story mixed-use projects from the red to the black,” said former Economic Development Manager Lloyd Purdy when the program was announced.

The city believes that this mix of activity improves property values, the viability of local businesses, and the quality of life for residents while also diversifying housing options.

The new zoning is paying off. “Two mixed-use projects have received the VHDZ tax

abatement in Tigard,” says Dylan Dekay-Bemis, the city’s economic development coordinator. The Adrian is a 12,000-square-foot mixed-use project featuring office space, eight high-end apartments, and a rooftop garden.

And Attwell Off Main adds 1,819 feet of commercial space and 165 market-rate apartments to the city center. Options range from a studio to one-to-three bedroom apartments to six two-story townhomes. The development, located close to retail and restaurants, the city library, and public transit, is expected to bring 300 new residents downtown. Additionally, the project should generate \$7.8 million in property taxes over 20 years, though some of those will be forgiven under the VHDZ program. The remainder of the taxes will be reinvested in additional downtown revitalization projects, says the city.

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