Senate Bill 108 Fact Sheet

Prepared by Oregon Parks and Recreation Department
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What is the Special Assessment for Historic Properties program?

- Established by the Oregon Legislative Assembly in 1975, the voluntary Special Assessment for Historic Properties program allows owners of historic properties (residential and commercial) to be specially assessed for ten years in exchange for making historically appropriate improvements to their historic building.[1]
- Applicants pay a fee and file a preservation plan with the State Historic Preservation Office (SHPO) for proposed rehabilitation. Increased value from improvements is exempt from taxation for ten years.
- Applicants must commit to expending ten percent of the property's real market value (RMV) within the first five years of special assessment. Owners submit progress reports to the SHPO in the third, sixth, and ninth years of special assessment.
- The property is removed from special assessment at the end of the 10-year term and is reassessed at current values. Applicants can qualify for a second 10-yer term if their plan includes significant investment in seismic upgrades, energy conservation, or disability access. Following the second 10-year term, the property can no longer qualify.
- Legislation in 2019 (HB 2164) extended the sunset for the program to 2022.

How does SB-108 change it?

- Limits the program to commercial, income-producing properties;
- Extends the program to 2031;
- Eliminates the Historic Assessment Review Committee (HARC). Appeals go to a contested case judge;
- Eliminates ten-year participation terms. Qualified owners can use the program as often as they have qualified work to do. Terms remain ten years long and properties continue to get reassessed between terms. Improvements related to seismic, energy conservation, and disability access are encouraged but not required;
- Clarifies the "date of application." Some county assessors are scrutinizing properties between the date of application and when the special assessment officially began, when that was never the intention. The last certified assessment at the time of application is the one the program intends;
- Removes the definition of a fee structure from the law to the rule, which offers more flexibility to change fees as needed;
- Requires that properties be listed in the National Register at the time of application. Currently owners can apply provided their building is listed within two years of application. Many owners struggle to meet this timeline and missing it has negative financial consequences.

[1] Properties listed in the National Register of Historic Places individually or within a district.

Why does SB-108 exclude participation by residential owners?

Special Assessment was developed to address the demolition that was happening in downtowns across Oregon in the 1970s. It is designed to work best with buildings that need comprehensive rehabilitation and owners who have cash up front to spend. (The current program requires owners to spend 10% of a property's RMV within the first five years.) Many residential owners have preservation needs that are critical and ongoing, but don't meet either of those thresholds. As a result, owners with modest means and discrete projects are prevented from participating. In addition, while almost 50% of the 401 current participating properties are private residences, they contribute less than 6% of the total projected expenditures on planned projects.

As we examine all our programs through the lens of inclusion and access, it is clear this program is not providing either to homeowners across Oregon. We've known this anecdotally for years based on the daily phone calls we get asking for help, but a survey we conducted last summer confirmed our assumptions.

Survey Takeaways:

- Residential owners largely engage in ongoing, discrete preservation projects (windows/doors, roof, foundation, plumbing/electrical, siding, seismic) as opposed to short-term, comprehensive rehab projects. This makes the Special Assessment spending threshold hard to meet, the time frame too short, and the tax benefit less certain.
- Cash-on-hand is the primary source of financing and the lack of it is a primary barrier to completing projects.
- Incentives that provide cash and limit debt were most favored. Across all income levels and counties, the most desired incentive is a grant of $5,000-20,000.
- A state tax credit is highly desired for the highest income bracket since they have a higher tax liability.
- Special Assessment ranked third lowest in the four categories just above low-interest loans. In fact, only 23 respondents had used Special Assessment.

This is part of a bigger conversation that needs to happen about better historic preservation incentives, but it is obvious there is no "one-size-fits-all" incentive out there. **Owners of income-producing property find Special Assessment pairs well with the federal historic tax credit and the state's Main Street Revitalization Grant.** Commercial projects account for 94% of the reinvestment generated by the program. SB-108 lets Special Assessment do what it does best, and allows historic rehabilitation projects to continue as we look for better ways to serve residential owners.

Incentives Survey

Owners of National-Register-listed properties were asked in an online survey to identify specific needs of their historic properties, how they are currently financing the maintenance and repairs, and to select the incentive they would find most helpful out of a short list of common incentive types: Special Assessment, state tax credit, a small, medium, or large grant, and a small, medium, or large low-interest loan.

- 12,000 postcards were mailed;
- 488 responded; 92% were residential owners;
- 19 counties represented in responses;
- Annual household income even across ranges; slightly higher in "less than $50,000" category.

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