

Submitter: Rick Michaelson
On Behalf Of:
Committee: House Committee On Revenue
Measure, Appointment or Topic: HB3190

Dear Chair Nathanson, Vice Chairs Reschke and Walters, and Committee members,

My name is Rick Michaelson, and I am writing to give my emphatic support for HB 3190. As an advisor to the National Trust, a former Portland Historic Landmarks Commission member, and as a developer specializing in the renovation of older neighborhood scaled buildings for the past 45 years, I can tell you how important the Special Assessment has been. I support HB 3190 reinstating the Special Assessment for commercial properties.

Most of my projects have been small buildings typical of what is found in Portland neighborhoods and on main streets throughout the state. These projects are too small to take advantage of the Federal Tax Credit programs, and therefore the Special Assessment is the only financial incentive available to them. It often makes the difference between a losing pro-forma and one that works. Without that incentive, the buildings I worked on would likely have remained vacant and quite probably demolished, thereby reducing the tax basis for the communities.

One of the important aspects of the Special Assessment program has been the financial certainty it provides a developer. Rehabilitation projects are full of uncertainties, and one of them is what the operating costs will be after project completion. Since property taxes are such a large portion of those operating expenses, the potential for reassessment upon project completion (as happens without special assessment) makes it very difficult to quote rent rates and pre-lease commercial spaces, as is often required by my lenders. The Special Assessment allows me to give potential tenants a realistic estimate of their NNN costs and significantly lowers the risk of pre-leasing.

Once again, I urge your support for reinstating the Special Assessment Program which has served Oregonians so well

Rick Michaelson