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### **Incentives for Historic Preservation**

The benefits of preserving unique historic places and archeological resources have been demonstrated nationwide. In addition to creating a sense of continuity and community pride, preservation activities can encourage reinvestment in older buildings, which assists in maintaining property values and tax revenues. National Register-listed landmarks and historic districts help cities and towns distinguish themselves from their neighbors and can attract tourism dollars from outside the community, helping local business. Preservation also has an environmental benefit. Repairing, rehabilitating, and repurposing a historic building, instead of demolishing it and rebuilding, cuts down on the amount of material sent to landfills, conserves embodied energy in the original building, and makes the existing building more energy efficient. Developmentally, preservation makes sense as a good-growth strategy for maintaining community desirability.

Although preservation makes sense as a long-term investment in communities, the environment, and sustainable development, the upfront financial costs and the negative perception of additional regulation can discourage many would-be preservationists. Incentives for historic preservation are important tools to encourage this worthwhile community activity, and can assist in eliminating or lessening the disincentives for participating. Federal and State preservation incentives include tax incentives and grant opportunities. To participate in the tax programs, applicants must demonstrate that their project meets certain guidelines. Grants are competitive and their availability is based on continued federal and state funding. Local incentives are the most direct, and often the most effective in encouraging preservation activities. Incentives can provide technical assistance, promote community pride, encourage reinvestment, drive tourism, assist in redevelopment, or provide financial help. Incentives can be exchanged for better preservation practices or provided as a general benefit. The list below is a sampling of some of the incentives that communities can make available to their property owners.

**Technical Assistance:** Technical incentives provide owners with the information they need to make the best preservation decisions for their property.

**Professional National Register Nomination Preparation, Grant Writing, Tax Credit Applications:** Applications for National Register nominations and federal and state tax and grant programs can be difficult and time consuming for property owners, and hiring a consultant to complete the work is costly. Assisting with the preparation of these documents will remove the barrier to participating in these programs, and encourage the recognition of historic properties and investment in their maintenance

**Historic Preservation Resource Center:** Well-intentioned property owners are often at a loss of how best to rehabilitate their historic building. Make it easy for them by providing architectural history books, product catalogs, contractor information sheets, and grant and tax credit applications all in one place. Residents will also have an opportunity to meet with local government staff and talk about their projects.

**Professional Design, Planning, and Building Condition Assessments and Plans:** Often the hardest step for private property owners is the first one – planning. Local governments can pay for all or part of these costs as a way to help property owners understand their building and its significance and assist them in

“doing the right thing.” Local government involvement in the planning process also ensures the best possible preservation outcome.

**Promotional or Educational Incentives:** Increasing the awareness and appreciation for historic resources encourages property owners to see their historic property as an asset instead of a burden. Many of these activities can be funded using Certified Local Government Grants

**National Register Plaques, Existing Federal Benefit:** National Register-listed properties are eligible to purchase an official plaque for their property. Contact the Oregon State Historic Preservation Office for more information.

**Signage:** Street-sign toppers, plaques, interpretive panels, and other public displays help define a historic area as special and unique. Signage increases awareness, increase community pride, and encourage tourism.

**Media:** Tell the story of a historic building or neighborhood with brochures, articles, videos, websites, and podcasts and share them with the public. Like signage, publications can promote a town and encourage community interest and pride in its past.

**Events:** Walking tours, displays, and special events are great ways to encourage the community to come together to celebrate their history and the latest successful preservation effort. Events allow homeowners to meet each other, local government staff, and preservation professionals. Displays in public places are often popular and are useful as a public education tool.

**Development Incentives:** To be preserved a historic property must be economically viable. Development incentives encourage property owners to invest in historic properties by making it more affordable, if not profitable, to do so.

**Building Code Leniency, Existing State Benefit:** Under Section 3407.1 of the Oregon Structural Specialty Code, National Register properties, and other certified historic buildings, are eligible to be considered for waivers of certain normal code requirements in the interest of preserving the integrity of the property. Local governments are encouraged broadly apply these guidelines to provide the maximum leniency for qualifying buildings.

**Code Consideration for Recognized Buildings:** Waiving normal code requirements for parking, use, and other considerations can make operating a business or rehabilitating a historic building more affordable and encourages property owners to retain their historic buildings by making special allowances for them.

**Expedited Permitting:** For owners of historic properties, recognition often means that their project is subject to a more in-depth review than other similar undertakings. For many, the additional time involved in this process is a disincentive. Consider how this process may be sped up. For instance, can landmarks meetings be held more frequently or can staff simply approve certain kinds of projects?

**Waived or Reduced Permit Fees:** Paying all or some of the historic and usual permitting and review fees can be a real benefit for property owners, especially commercial developers.

**Consideration in City Planning:** Including notable landmarks and historic districts in short- and long-term community planning helps raise awareness of the importance of preservation in local government and the community and can direct resources to deal with specific issues related to historic properties. Addressing concerns such as maintenance, parking, traffic, and other neighborhood issues can make historic areas more desirable and encourage their upkeep and increase property values.

**Consideration within Urban Renewal Districts:** Although often associated with leading to the demolition of historic buildings, Urban Renewal Districts can benefit historic properties. Money from this program can help fund blighted historic properties within the urban renewal district boundaries while still maintaining the historic qualities of that property.

**Financial Incentives:** Providing cash incentives for preservation or a opportunity for owners to benefit financially from their historic property is a powerful tool to encourage the rehabilitation and maintenance of historic buildings. Although existing federal and state tax programs and grants are great opportunities for property owners, local incentives are often more attractive.

**Federal Tax Credit Program – 20% program, Existing Federal Benefit:** The Oregon State Historic Preservation Office administers a federal tax credit program that can save building owners twenty percent of the cost of rehabilitating their National Register-listed commercial, industrial, or rental residential building. Requirements include submitting a short application form and performing only work that meets appropriate rehabilitation standards. Because tax aspects outlined above are complex, individuals should consult legal counsel, an accountant or the appropriate local Internal Revenue Service office for assistance in determining the tax consequences of the above provisions.

**Federal Tax Credit Program – 10% program, Existing Federal Benefit:** Qualifying buildings constructed before 1936 are eligible for a 10% tax credit through the Internal Revenue Service. Contact a tax specialist for more details.

**Special Assessment, Existing State Benefit:** The Oregon State Historic Preservation Office administers the Special Assessment program, which allows owners of properties listed in the National Register of Historic Places to apply to freeze the assessed value of the property for a 15-year period. The program is designed as an incentive to assist property owners in the preservation of historic resources. The law establishes a requirement for a public open house once a year, the installation of a property identification plaque, and the option for commercial property owners to apply for an additional 15-year freeze. This program is due to end in 2010 and is currently under review by the Oregon Congress.

**State Grants, Existing State Benefit:** When funds are available, The Oregon State Historic Preservation Office offers Preserving Oregon grants for listed historic properties, usually in November. Contact the SHPO for the grant schedule. Grants are awarded competitively since demand exceeds availability of funds.

**Revolving Loans and Local Grants:** Communities may choose to provide direct aid to owners of historic properties through a grant program or a revolving low-interest loan. Such bricks-and-mortar programs encourage good preservation practice and can be funded, in part, by Certified Local Government Grants.

**Transfer Development Rights:** In certain circumstances, allowing the owners of historic properties to sell development potential, such as additional height, to another allows them to profit from their property without negatively impacting the historic resource.

**Direct Improvement Grants and Loans:** Providing grants or loans for façade rehabilitation, energy efficiency, structural upgrades, and other needed repairs and improvements can make preservation more affordable and encourage property owners to spend more on the upkeep.

**Local Government or Nonprofit Acquisition:** For important and unique resources, local governments or nonprofits may choose to purchase historic buildings imminently threatened with demolition. While costly, such efforts raise the awareness of preservation in the community and can be a worthwhile local project