

SB 192 A-Engrossed

Summary

This bill reauthorizes and makes changes to the existing Special Assessment of Historic Properties program. Basic aspects of the program include the following:

- Provides a property tax “freeze” to encourage reinvestment in historic buildings and historic districts throughout the state.
- Established in 1975—the first of its kind in the country.
- Administered by the State Historic Preservation Office (SHPO), part of the Oregon Parks and Recreation Department.

Key provisions of the bill are as follows:

- **Reduces term of special assessment from 15 years to 10 years.**
- **Extends sunset date from 2010 to 2020.**
- **Increases accountability of participants:**
 - New requirement that owner must invest 10% of building value on rehab work within the first 5 years.
 - Continues to require a preservation plan up front; progress reports every 3 years; approval for all work in advance; increased oversight through local historic landmark commission.
 - Requires owners to carry property insurance.
- **Eliminates annual open house** due to property risk and personal safety concerns.
- **Reduces application fees substantially** (approx. 75% reduction)
- **Eliminates unintentionally generous benefits for condos:** Assessed values will now be calculated for each unit rather individually rather than dividing the value of the overall building among the units, resulting in substantially increased revenue for the counties—but still maintains an incentive for owners and developers of historic buildings.
- **Focuses more on exterior features:** More emphasis on preserving the significant exterior architectural features; less emphasis on generic interiors.
- **Streamlines approval process for proposed work:** Decisions of local landmark commissions (where they exist) will now suffice as approval for proposed work, eliminating the need for a separate SHPO review.

Additional facts about the Special Assessment for Historic Properties program:

- Available only for historic buildings listed in the National Register of Historic Places.
- Participants must prepare a preservation plan and follow through with it. Failure to do so is cause for disqualification and repayment of taxes, plus penalties and interest.
- Number of historic buildings in the program statewide (as of July 1, 2009): **539**
 - Average number of new projects per year, 1976-1994: **82**
 - Average number of new projects per year, 1995-2009: **37**
(roughly the equivalent of one per county per year)
SB 192 is expected to maintain the program at that relatively modest level, so participation is expected to be about the same.
- Types of properties: approx. 50% commercial and 50% residential.
- Approximately 40% of projects are in Multnomah County, 60% elsewhere in the state.
- Average amount of rehab investment per project, 2004-2008
 - Commercial: **\$1.3 million** per building
 - Residential: **\$105,000** per building
- County case study: Multnomah County projects, 2004-2008
 - Total number of projects: **106 buildings**
 - Total assessed value: **\$131 million**
 - Total reinvestment in rehabilitation: **\$236 million**

OPRD Contact for SB-192:

Roger Roper, assistant director
725 Summer Street NE, Suite C
Salem, OR 97301
503.986.0677
roger.roper@state.or.us

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Section-by-Section Summary

- Section 1: Carries forward the preamble from the existing statute, which outlines the purposes and goals of the program.
- Section 2: Definitions of terms.
- Section 3: Application process and requirements; reduces application fee; emphasizes preservation of exterior architectural features, less emphasis on generic interiors.
- Sections 4&5: Certification of applications for participation; recording of notice with deeds; plaques; process for appealing decisions.
- Sections 6&7: Reporting requirements for applicants; approval required for all proposed work; local government involvement in approval process.
- Section 8: Benefit calculation—stays the same for most properties; benefit reduced for condo units; extended term of reduced benefit offered for inadvertently penalized properties.
- Section 9: Completion of terms and reasons for disqualification—inappropriate alterations, failure to follow through with preservation plan, owner request, etc.
- Section 10: Penalties for disqualification/early withdrawal.
- Section 11: 2nd terms: additional requirements for 2nd-term applications.
- Section 12: Local govt. option for allowing 2nd terms—shifts from “must pass a resolution to allow” to “may pass a resolution to prevent” 2nd terms for residential”; 2nd term for commercial allowed without local authorization.
- Section 13: Appropriate additions would be considered a legitimate part of the building and specially assessed; inappropriate additions would disqualify the entire property; special calculation for condo units so they pay a more equitable tax.
- Section 14: Technical corrections related to disqualifying properties.
- Section 15: Expands appeals committee from 3 to 5 members.

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Section-by-Section Summary

Continued

- Section 16: Technical corrections related to other special assessments sought.
- Section 17: Rulemaking authority; eliminates redundancies.
- Section 18: Extends sunset of the program from July 1, 2010, to July 1, 2020.
- Section 19: Eliminates notification requirement upon sale of a certified historic property.
- Section 20: Repeals redundant/unnecessary sections of the existing statute.
- Section 21: Makes revised program available for July 1, 2010 tax year.
- Section 22: Technical clarification about captions/section headings in the bill.
- Section 23: Act would take effect 91st after sine die.