

Special Assessment of Historic Property Tax Benefit Program Summary of SB 192 – Enrolled Version

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 changes to the program 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 fee which will now be based on 1/10 of 1 % of the property’s assessed value rather than 1/3 of 1% of the real market value** (approx. 75% reduction)
- **Eliminates unintentionally generous benefits for condos:** Assessed values will now be calculated for each unit 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.

- **Changes local government option for 2nd terms:** Allows 2nd terms for commercial properties without local government approval. Reverses the language so 2nd terms for residential properties would be possible unless the local government passes a resolution prohibiting them.
- **Reduces benefit for 2nd terms:** The formula for calculating the frozen assessed value has been changed. It is now the Real Market Value of the property at the time of the 2nd-term application rather than a lesser value calculated through a Measure 50 formula.

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**

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