

Special Assessment Of Historic Property Program Handbook (Revised 1/22/08)

Introduction

In 1975, the Oregon Legislative Assembly created the nation's first state-level historic preservation tax incentive, the Special Assessment of Historic Property program, to be administered by the State Historic Preservation Office.

Under this program, a property's assessed value is frozen for a period of 15 years. When used as envisioned, the Special Assessment program provides a valuable tool that can help to make the rehabilitation of historic buildings economically feasible. By "freezing" the assessed value at a low level, the program allows the owner to avoid the steep increase in property tax that a significant investment normally triggers. If the improvements are made early in the fifteen year term, the owner then has a long window in which to recoup the investment.

The Program in a Nutshell

Special Assessment is a State of Oregon tax incentive program under which the owners of historic property listed in the National Register of Historic Places may opt to "freeze" the assessed value of their property for fifteen years. In return for this benefit owners agree to rehabilitate and maintain their property. Properties that have completed fifteen years of special assessment may be eligible for a second fifteen year "freeze", at an adjusted value (check with your local government).

The principal benefit of the Special Assessment program is a fifteen-year window within which an owner can make a significant investment in a historic property without an increase in the assessed value of the property. The earlier this investment is made and the larger the resulting increase in market value, the greater the benefit to the owner.

In certain circumstances the Special Assessment incentive can also be combined with other public and private programs to further improve profitability. The incentive most commonly used in association with Special Assessment is the federal Historic Rehabilitation Tax Credit. Information about other incentives is available from the State Historic Preservation Office (SHPO), or through its website at www.oregonheritage.org.

Eligibility

To qualify for Special Assessment the property must be listed in the National Register and be in need of some rehabilitation. A property within the boundaries of a National Register Historic District that is deemed to contribute to the area's character satisfies the latter requirement, with the understanding that the final determination of contributing status will be made by the SHPO. Where an owner proposes the restoration of obscured or missing historic character, a property ranked as historic non-contributing within a historic district can be considered for participation in the program on a case-by-

case basis. It is the owner's responsibility to demonstrate that the potential is there, and once again, the SHPO makes the final determination of eligibility.

To find out if a particular property is listed in the National Register or contributes to the character of a National Register Historic District contact the SHPO.

NOTE: Historic designation at the local level does not substitute for National Register listing.

Pre-application Conferences and Site Visits

Participation in the Special Assessment program can be straightforward or quite complex. In order to assist owners in making viable applications, the SHPO offers the opportunity for a preapplication conference at the owner's request. This is a meeting, organized by the proponents, at which options for the treatment of a property are presented and discussed at the schematic level. Depending on the complexity of the project, it is often helpful to have architects, engineers, accountants, and/or other professionals present in addition to the owner and the SHPO representative.

In some cases it may also be important for the SHPO staff to visit a property prior to receiving an application or reapplication. This is especially true for historic non-contributing properties in historic districts where the question of eligibility is unresolved, and for properties that are also applying for the federal Historic Rehabilitation Tax Credit. Site visits must generally be arranged at least two weeks in advance. In addition to these services, the SHPO also has considerable expertise in and access to technical information about historic preservation, and the staff is available to field questions by telephone and e-mail.

Application Requirements

Applications are accepted on a year-round basis. The SHPO staff will review submitted applications for completeness. Preliminary, or draft applications, will be held pending receipt of all required items (see list below). The SHPO must receive ALL of the listed items before an application can continue to be processed, sent out for comment, and formally certified. Once the SHPO has formally accepted an application or reapplication the accompanying fee is no longer refundable.

- a completed and signed application/reapplication form;
- a completed Preservation Plan (and in addition, for a reapplication of a commercial property, a Renovation Plan);
- a non-refundable filing fee equaling one-third of one percent of the real market value (.0033 x RMV). Cashier's check or money order should be made out to "Oregon Parks and Recreation Department";
- official documentation of the property's current assessed and real market values from the county assessor;
- site plan and floor plan sketch (all building levels);

- color photos illustrating each elevation, significant historic features of the property, detail photos of problem areas, interior spaces of all stories, any outbuildings, and landscape features.
- historic photos if available.

For income-producing properties, a Part 2 application for the federal Historic Rehabilitation Tax Credit may be substituted for the Preservation Plan.

Electronic forms, instructions, and examples of Preservation and Renovation plans are available online. Paper versions are also available by mail.

Preservation Plan

The Preservation Plan is an outline of proposed rehabilitation and maintenance work to be performed during the 15-year benefit period. The purpose of the Plan is to describe the current condition, identify proposed work, and provide a timeline for completion of projects. All work must meet the Secretary of the Interior's Standards for the Treatment of Historic Properties.

Formal design review and approval by the SHPO is required prior to starting any work items outlined in the Preservation Plan. (See Design Review Section for details)

Renovation Plan (Commercial Properties only)

A Renovation Plan deals with non-historic factors, and is meant to show how an owner will make a significant investment in the property's seismic, energy, and/or accessibility performance. There are provisions in building and specialty codes that allow special consideration of historic character in meeting requirements.

Application Review Process

Once the SHPO has accepted an application, its review process begins. Copies of the application are sent to the appropriate county assessor, the local governing body, and the local landmark commission if there is one, for their review. Any comments received from these bodies are taken into account by the SHPO in assessing the application. At the same time the staff examines the proposal in detail to answer three questions.

- Does the work proposed in the plan(s) meet the Secretary of the Interior's Standards for the Treatment of Historic Properties?
- Will the combined preservation, rehabilitation, and maintenance proposed in the plan(s) result in a property that substantially conveys its historic character?
- Will the combined preservation, rehabilitation, and maintenance proposed in the plan(s) be carried out in a timely manner?

If the proposal meets the criteria, the SHPO will approve the application. If the proposal needs adjustment in order to meet the criteria, the SHPO will add conditions to its

approval. If the proposal does not meet the criteria, the SHPO will deny it. The SHPO staff may contact the applicant during the review process to clarify the proposal or discuss possible solutions to problems.

Re-application Requirements and Review Process

Properties that have completed an initial term of special assessment may be eligible for a second fifteen years of “freeze”, at a readjusted value (contact the SHPO for details). All requirements and review process apply as for the first term. NOTE: For income-producing properties there is an additional component known as the Renovation Plan. This is a plan that proposes significant improvements to the property’s energy, seismic, and/or accessibility performance.

Project Design Review Process

All changes, alterations, or new construction proposals, whether outlined in the Preservation Plan or outside the scope of the Plan (including those to the interior and the landscape), are subject to prior design review and approval by the SHPO.

Compatible alterations of previously altered or non-significant elements and spaces are routinely approved. In order to allow alterations, the SHPO must find that the proposal alteration meets the Secretary of the Interior’s Standards for the Rehabilitation of Historic Properties. [Rehabilitation is defined as “the act or process of making possible a compatible use for a property through repair, alterations, and additions while preserving those portions or features which convey its historical, cultural, or architectural values.”]

In order to get an opinion about the feasibility of a proposal, you can contact the SHPO staff with questions, or arrange for a preapplication conference. Approvals are made only in response to written submissions, and in writing only. To initiate the process an owner should send:

- a completed design review form,
- enough drawings and/or photos to make the proposal and the current configuration of the property clear to the SHPO reviewer.

Participant Requirements

The property must be maintained in good condition.

An owner must carry out an agreed program of rehabilitation and maintenance (the Preservation Plan).

An owner must seek SHPO design review and approval prior to initiating individual projects.

A four-hour open house must be held annually.

An interpretive plaque for the property must be purchased through the SHPO.

Owner must keep the SHPO informed of current contact information, or sale of property.

Preservation Plan Amendments

In order to make major amendments to an approved Preservation or Renovation Plan, an owner must show that any treatments proposed for elimination are not critical to the property's portrayal of its historic character or to the significance of the investment in seismic, energy, or accessibility upgrades. The same criteria used to judge the Plan in the first instance apply to approval of amendments.

Withdrawal and Removal of Special Assessment

Participation in the Special Assessment program is voluntary, and an owner may withdraw at any time by sending a letter to the applicable County Assessor requesting removal and forwarding a copy to the SHPO. The County Assessor will then bill the owner for the accrued amount of the benefit, plus interest. Properties can also be removed from participation administratively, by the SHPO, for non-compliance with the rules. In this instance the owner is liable for a 15% penalty in addition to the accrued benefit and interest. Whenever a property is removed from Special Assessment it remains eligible for participation, assuming that it continues to retain and exhibit sufficient historic character.

Monitoring

The SHPO has a statutory responsibility to monitor participating properties for compliance with the program requirements. This monitoring takes a number of forms. Staff members often inspect properties from the outside when they happen to be in the vicinity, and they also attend open houses randomly to insure that they are occurring as advertised.

More thorough inspections of a property may be conducted, typically at the request of the owner or at the request of the SHPO on the basis of a complaint.

The SHPO will request updates on the Preservation Plan during the 5th, 10th, and 14th years of a property's 15-year participation.

Appeals and the Historic Assessment Review Committee

Although at times it is delegated, the authority to make decisions on Special Assessment rests ultimately with the State Historic Preservation Officer. However, as with most decisions made by public bodies, there is a process for appealing those decisions, known as a contested case hearing. In the case of decisions made by the State Historic Preservation Officer regarding Special Assessment, a special three-member panel, the Historic Assessment Review Committee, reviews and approves the final orders developed by the hearings officer. The members of this committee are appointed by the Governor to represent the interests of Local Governments, County Tax Assessors, and the State Historic Preservation Office.