



HB 4054 - Historic Property Special Assessment

The League of Oregon Cities appreciates having been able to participate in the interim workgroup led by Representatives Levy and Valderrama. The LOC looks forward to continuing the conversation around how to better align state and local resources around shared values including reducing displacement and improving access to rehabilitation assistance for lower income homeowners. **Extension of the historic property special assessment program sunset will allow more time for those conversations.**

We support disallowing residential properties from the program but appreciate that it may make sense to have that conversation in a future session when we might also explore other ways to incentivize residential rehabilitation. In the workgroup it became clear to us that special assessment may not be the right tool for the job. Homeowners are often surprised to have their maximum assessed value reset at the end of the special assessment. This is a constitutional requirement under Measure 50 but homeowners are often not aware of the long term impact this can have on their taxes when they enter the program. We have also heard concerns from an equity perspective, the program requires a significant investment by the homeowner and there is a general perception the program primarily benefits wealthy residents.

One change we support this session deals with a longstanding issue with the historic property special assessment program that we first became aware of in 2021. The historic property program predates Measure 50, and properties appear to be receiving a double benefit from Measure 50 due to a statutory reference in ORS 358.505 to “assessed value” from 1991 (Oregon Laws 1991; Chapter 459). When Measure 50 was passed by voters in 1997 many of these statutory references were updated to instead refer to “real market value” but this one was apparently missed.

ORS 358.505 (1) says the assessor will set a “specially assessed value that equals the **assessed value** of the property at the time application.” So properties will have a specially assessed value that already reflects their savings from Measure 50 (assessed value is the lesser of real market value or the Measure 50 maximum assessed value). ORS 358.505 (2) then calls for a second reduction where the “maximum assessed value of property subject to

historic property special assessment shall equal the specially assessed value of the property under subsection (1) of this section multiplied by the ratio, not greater than 1.00, of the maximum assessed value the property would have had if the property were not specially assessed over the real market value of the property.” So effectively the property sees a double benefit from Measure 50.

Fixing this issue could be as simple as changing the reference in ORS 358.505 (1) from “the assessed value” to “the real market value.” Properties would still get their full Measure 50 benefit, but without the double reduction. We would ask that this change only be applicable to new applications or owners entering a second period of special assessment to hold current program participants harmless.

Our understanding of the program has always been that the incentive is that owners do not pay taxes on the new improvements to the historic property for a period of 10 years, we have never understood this double benefit from Measure 50 to be a part of the incentive.

LOC Contact

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