

SENATE REVENUE COMMITTEE

May 8, 2001 — 8:10 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Senator Ted Ferrioli, Chair

Senator Lee Beyer, Vice Chair

Senator Susan Castillo

Senator Tony Corcoran

Senator Gary George

Senator John Minnis

Senator Charles Starr

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative
Revenue Office

Carol Phillips, Committee Assistant

Witnesses: Representative Tom Butler, House District
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James Hamrick, State Historic Preservation Office

Vicki Dugger, Executive Director, Oregon Downtown
Development Association

Bill Linden, Oregon Historic Properties Association

Justin Burns, Irving Street Lofts

Alfred Staehli, Historic Preservation League of
Oregon

Michelle Deister, League of Oregon Cities

Marge Kafoury, City of Portland

TAPE 132, SIDE A

- 005 Chair Ferrioli Meeting called to order at 8:22 a.m.
- 011 Lizbeth Martin-
Mahar Gave overview of HB 2270-A. This is the "Historic Property" bill that extends the sunset date on the historic special assessment from July 1, 2002 to 2010. Adds preservation and maintenance to a preservation plan proposal. Changes the application deadline from March 1 to December 31 each year. Gives the authority to approve and deny applications to the State Historic Preservation Officer, not the review committee. Requires commercial properties, reapplying for a second 15-year partial exemption period, to have their frozen value reset for the second 15-year period. Discussed Exhibit 4 in detail to cover all changes in each section of the bill.
- 076 Martin-Mahar Discussed the revenue impact anticipated by implementation of HB 2270-A.

OPENED PUBLIC HEARING ON HB 2270-A

- 107 Rep. Tom Butler Testified in support of HB 2270-A. Discussed the (-A18) amendments, which allow residential historic properties to participate in the historic property preservation program as well as commercial historic properties in the 15-year extension of partial tax exemption. Tour groups come from all over to see preserved and restored historic residences and other buildings, particularly if the residences continue as primary dwelling family residences and have not been converted into doctors' offices or other businesses.
- Several questions and answers interspersed.
- 236 James Hamrick Testified in support of HB 2270-A. Exhibits 6

and 7. Stated that at the end of the first 15-year period there are as many properties (50 per year) going off the special assessment as want to be added on. The proportion is two-thirds residential and one-third commercial, and not every property automatically reapplies for a second 15-year exemption.

Questions and answers interspersed.

381 Vicki Dugger Testified in support of HB 2270-A. The mission of the Oregon Downtown Development Association is to assist communities with revitalizing their downtowns and community centers. Stated that the historic fabric and architecture of so many downtowns are what give communities their sense of place...who they are...their landmarks...their connection to the past. That is one reason HB 2270-A is so important to help preserve, redevelop, and reuse these valuable structures. Many communities put walking tours together where people can see historic properties as well as driving tours and barn tours in the Willows. Communities are using their historic resources in interesting ways to help bring in revenue.

447 Bill Linden Testified in support of HB 2270-A. Stated amendments will be forthcoming regarding this bill and should be ready for discussion within a few days. The amendment will deal with new construction on historic properties that are already in the 15-year program, but would not be retroactive. A similar amendment was passed by both houses in 1999 but was vetoed by the Governor because it was retroactive in its impact.

TAPE 133, SIDE A

057 Linden Reiterated that historic property owners should have the option to enhance the economic viability of their properties by adding new construction as they deem necessary.

Extensive questions and answers interspersed.

- 081 Sen. George Related that in his district he has seen historic buildings go through the process to make additions to the structures. The owners made the additions consistent with the original architecture of the structures, so unless you knew what the buildings looked like before the addition, you would not notice any difference.
- 089 Linden Agreed with Sen. George. The point is to make additions that look like they belong to the original structures. Preserving the original character of structures is a vital part of program criteria. Stated there are guidelines regarding visibility of additions to the tops of historic structures.
- Extensive questions and answers interspersed.
- 117 Vice Chair L. Beyer Added that this is a great program in general for rebuilding downtowns and restoring residential properties. However, he feels uncomfortable about the prospect of constructing additions to historic buildings. Feels local governments should have the right to veto a project adding construction to an historic building that the local government feels would not be suitable or appropriate for the building, location, or community.
- 133 Linden Continued testimony. Believes the proposed amendment will be ready for discussion Thursday, May 10, 2001.
- 136 Chair Ferrioli Believes Senate Revenue Committee members feel this is an excellent program that should be carried forward. The added monetary value of a structure could mean the difference between its historic preservation and its demolition. Touring the rehabilitated neighborhoods of Portland emphasizes the value of preserving historic buildings.

- 155 Justin Burns Testified in support of HB2270-A and about proposed amend-ments. These proposed amendments would allow properties that were originally commercial when they applied to the program to reapply as non-commercial. For example, if a property was a warehouse that was converted to apartment building, it was considered a commercial building. If that same warehouse has now been converted to condos, it would now be considered residential and should be allowed to reapply for another 15-year exemption. There are six of these buildings in the Northwest area of Portland.
- Extensive comments, and questions and answers interspersed.
- 300 Alfred Staehli Testified in support of HB 2270-A. Believes the program has been an effective planning tool for communities as well as economic stimulus for them. Keeping a sense of place in communities is essential as a planning tool to help maintain the quality of life that Oregonians expect. Added that sometimes an addition has to be made to an existing historic building in order for the building to be maintained in use at all. Primary users of historic buildings are preferable to any secondary users.
- Comments, and questions and answers interspersed.
- 382 Chair Ferrioli Added that people now recognize the value of the architecture present in older buildings.
- Further discussion, and questions and answers followed.
- 451 Chair Ferrioli Stated he checked with the Governor's staff regarding this bill and amendments. The feedback was that it might be vetoed. The Chair wants the value of this bill to move forward out of this legislative session because of the clear incentives it provides. The Chair urged the working group to come together on their issues

if they want this bill to be moved.

Questions and answers interspersed.

TAPE 132, SIDE B

- 029 Chair Ferrioli Continued comments with questions and answers interspersed.
- 056 Chair Ferrioli Stated Portland could be seen as a laboratory for how preservation efforts work or do not work. There must be incentive for preservation, but there also has to be a component for added value in these projects.
- 072 Michelle Deister Testified regarding the bill. Although it sounds like a good idea, it puts cities in a difficult position. Based on discussions to date, the League of Oregon Cities would not support a second 15-year special assessment for residential property for the reason that residential properties do not have to meet the same seismic, energy, and ADA requirements that commercial properties do. Also, historic renovation and renovation would have been completed in the first 15 years; therefore, the program has served its purpose.
- Questions and answers interspersed.
- 101 Marge Kafoury Supportive of the historic property assessment program since its inception in 1975. The City of Portland is in agreement with the (-A3) amendments discussed by Mr. Linden earlier in this hearing. On the other hand, the (-A5) amendments discussed by Mr. Burns earlier in this hearing are not supported by the City of Portland because there is no further work needed for the buildings in question. The preservation and rehabilitation is done, so they do not need an additional 15-year tax break.
- Continued discussion, and questions and answers interspersed.

CLOSED PUBLIC HEARING ON HB 2270-A

271 Chair Ferrioli Adjourned meeting at 9:34 a.m.

Submitted by, Reviewed by,

Carol Phillips Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 2270-A, Martin-Mahar, Staff Measure Summary, 1 pp.
2. HB 2270-A, Martin-Mahar, Revenue Impact Statement, 1 pp.
3. HB 2270-A, Martin-Mahar, Fiscal Impact Statement, 1 pp.
4. HB 2270-A, Martin-Mahar, Historic Property Bill Changes by Section, 3 pp.
5. HB 2270-A, Rep. Butler, (-A18) Amendments, (DJ/ps) 5/7/01, 1 pp.
6. HB 2270-A, Hamrick, Oregon State Historic Preservation Office, 12 pp.
7. HB 2270-A, Hamrick, Written testimony dated May 8, 2001, 3 pp.