



## Memorandum

**To:** Andrew Clarke and Mark Vuong, HD McMinnville LLC  
**From:** Li Alligood, AICP  
**Copies:** File  
**Date:** October 31, 2022  
**Subject:** Overview of Historic Preservation Incentives for 609, 611, and 619 NE 3<sup>rd</sup> Street  
**Project No.:** 19914.000

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### Overview

HD McMinnville LLC (applicant) has submitted land use applications to the City of McMinnville to demolish three buildings within a National Register historic district and construct a new mixed-use development in the same location. The applications have been assigned casefiles HL 6-22, HL 7-22, HL 8-22, and DDR 2-22. The Historic Landmarks Committee (HLC) held the first evidentiary hearing on the applications on September 29, 2022.

The staff report and recommendation issued on September 22, 2022, indicated that there was insufficient information provided to recommend approval of the requests. The hearing was continued to a date certain of December 9, 2022, to allow the applicant to provide the requested information. One item of requested information is a report of available economic incentives, including any federal tax credits available for rehabilitation of the property. This memo provides an overview of economic incentives available to these properties.

### Context

Economic incentives are generally available for properties within a National Register historic district, within a Certified Local Government community, and within the McMinnville Urban Renewal District:

1. The sites are located within the Downtown McMinnville National Register historic district. All three buildings are “contributing” resources.
2. The sites are located within the McMinnville Urban Renewal District.
3. McMinnville is an Accredited Main Street Community through the Oregon Parks and Recreation Department (OPRD) Oregon Main Street Program. The McMinnville Downtown Association is the local Main Street organization.
4. McMinnville is a Certified Local Government (CLG) through the OPRD, which allows the city to access funding for historic preservation activities. The McMinnville Historic Landmarks Committee is the local CLG organization.

### Federal Programs

#### Tax Credits

1. Federal Historic Preservation Tax Incentives Program
  - Administered by the National Park Service

- Available to income-producing properties (commercial and residential) within a National Register historic district
- The property must be a “contributing” property within the historic district
- 20% income tax credit
- Requires that the project be a “Certified Rehabilitation,” which requirements include the following:
  - The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided.
  - Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a historic property shall be preserved.
  - Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and other visual qualities and, where possible, materials. Replacement of missing features shall be substantiated by documentary, physical, or pictorial evidence.
  - Chemical or physical treatments, such as sandblasting, that cause damage to historic materials shall not be used.
  - New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment.
  - New additions and adjacent or related new construction shall be undertaken in such a manner that if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.
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## State of Oregon Programs

### Grants

1. Diamonds in the Rough Grant
  - Administered by the Oregon State Historic Preservation Office (SHPO)
  - Available to restore or reconstruct facades of buildings that have been heavily altered
  - Up to \$20,000
  - Only supports hard costs
2. Oregon Main Street Revitalization Grant
  - Administered by OPRD
  - Available to structures within an Oregon Main Street community boundary
  - Up to \$200,000, required matching funds of at least 30% of the award
  - Must be submitted by an organization that participates in the Oregon Main Street Network; in McMinnville that is the McMinnville Downtown Association
  - Can support hard or soft costs
3. Preserving Oregon Grant
  - Administered by SHPO
  - Available for rehabilitation work on properties listed on the National Register of Historic Places or be a “contributing” property within a Historic District
  - Up to \$20,000, required 1:1 match
  - Can support hard or soft costs

### Tax Credits

1. [Special Assessment of Historic Property Program](#)

- Administered by SHPO
- Special 10-year tax assessment in exchange for properties listed as a contributing property in a historic district. All three of these properties are listed as contributing.
- Requires preparation of a preservation plan that outlines substantial rehabilitation work to be completed
- Plaque provided by SHPO must be installed on the building
- The buildings at 609 and 611 NE 3<sup>rd</sup> Street were renovated using this program, and this credit is no longer available for those buildings:
  - 609 NE 3<sup>rd</sup> Street: B865 State Special Assessment Program
  - 611 NE 3<sup>rd</sup> Street: B872 State Special Assessment Program

## Local Programs

All local programs are administered by the McMinnville Urban Renewal Advisory Committee:

1. Façade Improvement Grant Program
  - Available to properties within the McMinnville Urban Renewal District with commercial or industrial zoning
  - Up to \$2,500 with a 1:1 match
  - The mural on the eastern façade of 619 NE 3<sup>rd</sup> Street was restored using this program
2. Free Design Assistance Program
  - 10 free hours (up to \$1,000) of design services for properties within the Urban Renewal District
3. Development Loan/Grant Program
  - Available to properties within the Urban Renewal District
  - Gap financing for new construction or substantial rehabilitation projects that provide an immediate increase in assessed value
  - Up to 20% of construction costs, NTE \$100,000, subject to funding availability

## Sources & Additional Information

1. National Park Service Technical Preservation Services: <https://www.nps.gov/tps/tax-incentives.htm>
2. Oregon State Historic Preservation Office Technical Resources - Grants: <https://www.oregon.gov/oprd/OH/Pages/Grants.aspx>
3. Oregon State Historic Preservation Office Technical Resources – Tax Incentives: <https://www.oregon.gov/oprd/OH/Pages/Tax-Incentives.aspx>
4. City of McMinnville Urban Renewal: <https://www.mcminnvilleoregon.gov/planning/page/urban-renewal>
5. City of McMinnville Historic Preservation Plan: [https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/planning/page/10641/ord\\_5068\\_decision\\_document\\_signed.pdf](https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/planning/page/10641/ord_5068_decision_document_signed.pdf)