



February 26, 2023

Hon. Mark Meek, Chair
Hon. Brian Boquist, Vice-Chair
Senate Committee on Finance and Revenue
Oregon Legislature
Salem, OR 97301

RE: SUPPORT SB 149

Dear Chair Meek, Vice Chair Boquist, and Committee Members,

As Oregon's only statewide non-profit historic preservation organization, Restore Oregon works with thousands of people across the state each year to preserve, reuse, and pass forward the historic places and spaces that embody Oregon's diverse cultural heritage. By helping our fellow citizens preserve our state's unique built, natural and cultural environments, we help celebrate and promote much of what makes Oregon special.

We would like to express our **support for SB 149**, which extends the sunset for the historic property special assessment program, Oregon's sole state preservation financial incentive, to 2031.

Financial incentives are essential to the feasibility of preservation projects—which, in turn, provide an additional means of increasing housing stock, work against displacement, and reduce carbon costs associated with new construction. Jointly with HB 2079, which requires the LRO to study the potential of implementing a tax credit and direct grant program to encourage preservation of historic property, SB 149 is a lifeline for this important work.

By preserving existing affordable housing and creating new units through the rehabilitation and conversion of underused and vacant spaces, **preservation plays an important role in addressing the affordable housing crisis.** Notably, affordable housing development typically involves piecing together many different funding sources, and historic preservation and affordable housing incentives can work in symbiosis to allow development to move forward. See the attached case study of Medford's Palace Hotel, the renovation of which will provide 40 market-rate units of much-needed housing in Medford's downtown and was made possible, in part, by Oregon's historic property special assessment.

In most cases, the greenest building is the one that already exists. The embodied energy in existing structures is substantial, and every time we send a serviceable building to the landfill, we are incurring a carbon debt which must be amortized. The value of existing structures is immense since they do not require the extraction of virgin resources to produce, and the added energy efficiency of a new building typically takes many decades to break even when we account for the CO2 associated with demolition of the existing structure and the use of raw materials to build the new one. Recently, Architecture 2030 produced the [CARE \(Carbon Avoided: Retrofit Estimator\) Tool](#), which quantifies the avoided carbon impacts and benefits of reusing and upgrading existing

buildings at a project scale. This demonstrated reduction in carbon costs counsels in favor of providing direct financial incentives for preservation projects.

The historic property special assessment program is the only incentive currently available and needs to continue being an available tool in the toolkit!

Thank you for the opportunity to comment on SB 149 and for taking Restore Oregon's comments into consideration.

A handwritten signature in cursive script that reads "Nicole Possert".

Nicole Possert
Executive Director

Medford's Palace Hotel: A Housing Case Study

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About Restore Oregon

Founded in 1977, Restore Oregon is a statewide, 501(c)(3) nonprofit organization, supported by members/donors, led by a volunteer board, and staffed by professionals who help people save and revitalize historic places. We work on the front lines and behind the scenes to leverage relationships, resources, and creativity to preserve, reuse and pass forward the historic places and spaces that reflect Oregon's diverse cultural heritage and make our communities inclusive, vibrant, liveable and sustainable.

Preservation Financial Incentives Help Breathe New Life into Vacant Units

For half a century, Medford's former Palace Hotel sat empty. Once a "workingman's hotel"—akin to an SRO—, the Palace Hotel (1893- 1939), later the Crater Hotel (1939- 1972), provided temporary, affordable lodging to Medford's working class. In 1972, the hotel closed its doors. While life bustled in the commercial spaces below, and the Palace's seventy-some rooms languished.



Now, the Palace Hotel is being given a second chance. Fortify Holdings, a developer with experience in motel/hotel conversions for housing, is using Oregon's Special Assessment benefit, the Federal Historic Preservation Tax Credit, and some local incentives to restore/rehabilitate the space and transform it into approximately forty small-footprint, market-rate units, providing much needed housing in the downtown Medford core.

Existing Incentives

Special Assessment. Oregon's Special Assessment of Historic Properties program offers a specially assessed value to formally listed National Register properties for a 10-year benefit term.

Federal Historic Preservation Tax Credit. The federal government offers an income tax credit as an incentive for rehabilitating income-producing, historic buildings listed in the National Register of Historic Places.

A Need for Something More

While existing financial incentives have proved instrumental in supporting Fortify Holding's conversion of the Palace Hotel, there are issues:

The Special Assessment program is expiring and has yet to be replaced. **This will take legislative action.**

The federal tax credit alone is often insufficient. **Thirty-nine other states have adopted a state tax credit as a supplement**, making reuse projects more financially feasible. A state historic tax credit could also be catered to provide additional or special financial benefit to those projects which most serve Oregon's need, in particular housing production.