



March 26, 2019

Senate Committee on Environment & Natural Resources

Testimony in support of SB 927-3, the Public Participation in Preservation Act; and SB 929, the Preservation, Housing, and Seismic Safety Act

Restore Oregon is a non-profit working statewide to preserve, reuse, and pass forward the historic places that embody Oregon's heritage – the bridges and barns, homes and neighborhoods, storefronts and churches, schools and theaters that make our communities, unique, authentic, livable, and sustainable. We are also a Partner with the National Trust for Historic Preservation.

On behalf of the more than 7,000 supporters of Restore Oregon, I urge you to vote **Yes** on SB 927-3, and SB 929. These bills are badly needed to fix Oregon's broken system for how we steward our irreplaceable historic resources.

In the ten years I've been leading Restore Oregon, I've crisscrossed the state, working with leaders of communities from Coos Bay to Enterprise, Klamath Falls to Forest Grove, to save buildings that matter to their community, but lack the regulatory and financial tools needed. They recognize that historic buildings are not mere artifacts of the past, but economic engines of the future, providing spaces for business incubation, affordable housing, culture, and tourism.

For a state so rich in history, Oregon has the poorest of preservation policies and financial incentives.

We are the only state to impose a completely one-sided system for historic designation that denies the community a voice or local government the option of protecting a local landmark from demolition. There are scores of examples showing why this matters. I'll share one from a big city and a small town.

The United Workmen Temple in Portland, was one of the 10 most iconic buildings in the city. A non-profit developer wanted to convert it into affordable housing. But the new owner wanted to replace it. Though objectively very historic, the building had not been designated because only the owner could do so. It had no protection, and there was no opportunity to weigh the public benefit of rehabbing it as affordable housing, vs losing it for another glass office building.

In Cottage Grove, the town's most beloved landmark was Dr. Pierce's Barn. Featured on postcards and brochures, the community wanted to convert the barn to a farmer's market and hands-on learning place to teach kids about gardens and healthy eating. Unfortunately, the guy who owned it wanted to sell off the barn siding, and didn't care a lick about its importance to the community. The city had no ability to stop its demolition and now Dr. Pierce's Barn exists only in photographs.

Of course, we can't save Oregon's historic buildings through regulation alone. We need effective financial tools.

Thirty-five states – nearly all the states that have an income tax - invest in historic redevelopment through a tax credit. There are reams of studies that show they turn an honest and substantial profit – and a study by EcoNorthwest shows that Oregon would, too.

There are hundreds of historic buildings across the state that are under-utilized and deteriorating because the cost of code upgrades and restoration are out of reach – especially in small towns.

For example, the St. Francis Hotel in downtown Albany. Its upper floors sit empty, but a study showed it would be ideal for a boutique hotel and apartments. SB 929 would provide the means to close the funding gap keeping the project from moving forward.

Oregon is facing a **housing crisis**, yet we have thousands of historic buildings that can be converted to housing.

We have a **seismic safety crisis** that absolutely must be addressed to avoid economic disaster and loss of life.

And we need to **attract more investment in rural communities**.

SB 929 would create the financial mechanism to address all those urgent needs, while saving our heritage in the bargain!

Rare is the town in Oregon that doesn't have a local landmark (or two, or twenty) that is very important to the community in terms of its historic, cultural, or economic value, yet has no protection from demolition and/or needs a little financial assistance for restoration and reuse.

You can change that today. Please vote yes on SB 927-dash 3, and SB 929. Thank you.



Peggy Moretti
Executive Director

Restore Oregon urges your support of SB 927: Fix Oregon's Broken System of Historic Preservation

Oregon's current system of protecting and revitalizing its historic buildings and districts is considered "worst practice" in the U.S.

The Public Participation in Preservation Act brings Oregon policy in line with the rest of the U.S. It will make preservation in Oregon more equitable, flexible, relevant, and community-centered.

- Less demolition/landfill/contamination = greater environmental sustainability.
- More retention & restoration = less displacement; retained cultural history; greater affordability.
- Using a public process = a balance of public benefits, economic development, private property rights, and local land use goals.



LESS DEMOLITION



MORE RESTORATION

Housing Added HERE!

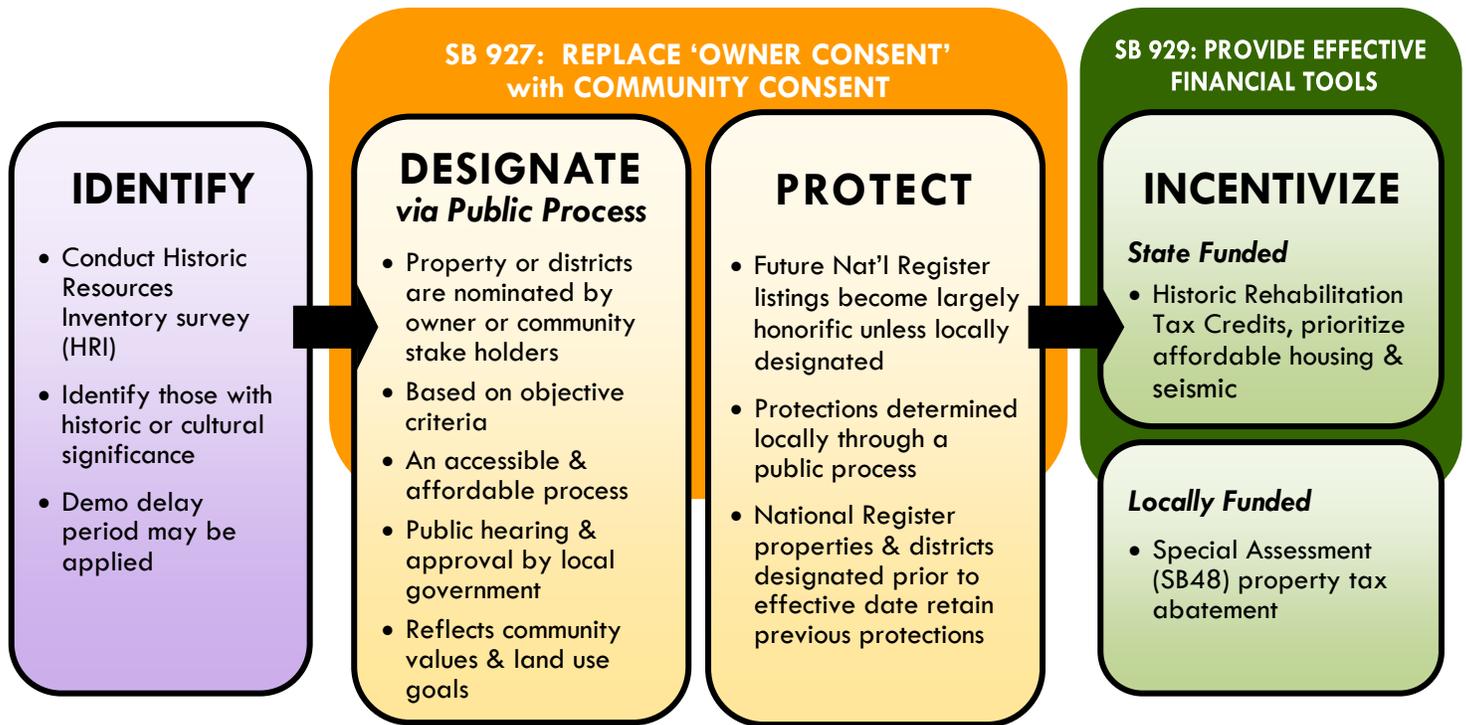


Housing Added HERE!

ACCESSIBLE PUBLIC PROCESS



SB 927 Would Align Management of Historic Resources with the Rest of Our Land Use Laws



Frequently Asked Questions:

What are the benefits of historic preservation? Retention of community history, cultural heritage, and an authentic sense of place; increased sustainability through building reuse; economic development from restoration jobs, new businesses setting up in old buildings, heritage tourism; and more affordable housing.

Why do we need this change? The system Oregon has now is broken, unpredictable, opaque, inefficient, and completely one-sided. The demolition of important historic resources impacts the entire community, as does their designation and protection, but the community currently has no say at all. Times have changed – we now understand that community voices, including tenants, deserve to be heard, in these important decisions.

What do other states do? Oregon is the only state in the nation that has a state-wide owner consent law and the only state that uses the National Register for automatic regulatory purposes. A public process for local landmark designation similar to the model illustrated above is typical across the U.S.

How would this change fit with the rest of Oregon's land use laws? SB 927 would align our treatment of historic resources with the other types of resources managed through our land use programs: farmland, forestland, wetlands, etc.

What will protect property owner's from an unwanted historic designation? Mailed notice to property owners of a nomination; a public hearing where all interested parties may be heard; a decision by the local elected government based on clear standards and public policies; a right to appeal; and Measure 49, which provides relief should a local government adopt a regulation that restricts a residential use. Nothing prevents a local government from giving weight to, or requiring owner consent, as part of its local standards for designation.



[Contact your legislators](#) by phone, in person, or by email and urge their support.

Restore Oregon urges your support of SB 929: The Preservation, Housing, & Seismic Safety Act



What It Does:

- Provides a **25% rebate on rehabilitation costs for historic buildings** – apartments, stores, hotels, schools, churches, theaters, factories, etc.
- Or —
- Provides a **35% rebate for qualified seismic retrofitting costs** of historic Unreinforced Masonry Buildings (URMs).
- **Prioritizes housing** - projects that create or preserve workforce housing affordable to households earning 80%-120% of Median Family Income.
- **Saves historic buildings that embody our heritage** and reduces demolition.
- **Ensures rural communities get their share** - at least 30% of funds reserved for small and rural projects.

Why We Need It

- **Hard-working Oregonians need good, affordable places to live.** Historic buildings are well-suited for conversion to “missing middle” housing.
- **The high cost of seismic retrofitting** is out of reach to average building owners - but we can’t afford to be unprepared for a major quake.
- A state rehab/seismic rebate can be **paired with the federal Historic Tax Credit** to close the financial gap keeping many buildings from being restored and reused.
- **Attract more investment in rural communities.** At least 5,000 buildings in 77 towns could use the rebate. Two-thirds are outside of Portland.

What It Will Cost

- A fund would be created by the auction of state income tax credits at a **cappped amount** per biennium (like the film production credit).

According to a Study by EcoNorthwest, an investment of \$10.6M will generate:

- 4X more buildings rehabbed than without the incentive.
- 1,369 jobs per year generating income of \$25.5M.
- \$2.3M net increase in property taxes/year for schools and services.
- \$13.3M new federal Historic Tax Credit dollars spent in Oregon per year.
- \$35.8M net gain per year in direct development spending.

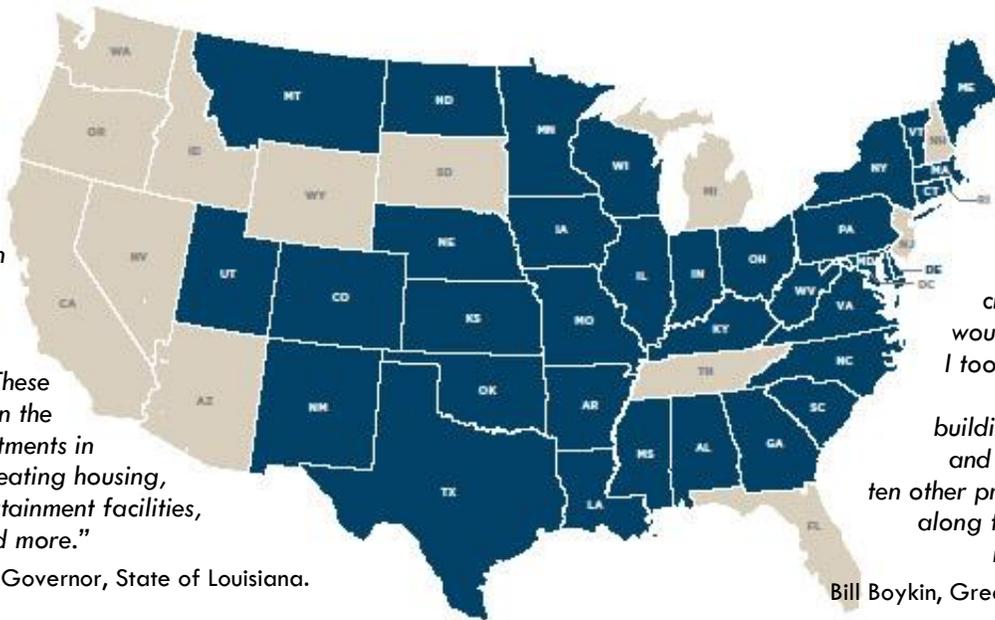


Historic Rehab Tax Credits Work in 35 States

(+ Tennessee and California are considering bills now)

"In the last decade more than \$2.2 billion has been invested throughout the state using [the Louisiana Historic Tax Credit]. These were not investments in the past; these were investments in Louisiana's future - creating housing, offices, arts and entertainment facilities, restaurants, stores and more."

Billy Nungesser, Lt. Governor, State of Louisiana.



"Without historic tax credits, projects like mine would not be feasible. Since I took the risk to rehabilitate the former 1940s Sears building into a boutique hotel and loft apartments, nine or ten other properties have been sold along the street. We now have nearly 75 employees...."

Bill Boykin, Greenville, MS (pop. 31,500)

Frequently Asked Questions:

What would be eligible for the "Rehab Rebate?" Properties listed on the National Register of Historic Places on or before January 1, 2020; and/or designated as historic by a local government. Properties that are exclusively residential of less than three units are not eligible. (i.e. a mixed-use building adding apartment units above a storefront IS eligible.)

Who would administer the funds? The State Historic Preservation Office, who also administers the federal Historic Tax Credit program and who would certify the historic rehab projects.

Funds will be limited, so what gets prioritized? Priority will be given to properties creating or preserving workforce housing (affordable to households making 80% - 120% of MFI) and for seismic retrofitting of Unreinforced Masonry Buildings (URMs).

What is the amount of the rebate? 25% of total qualified rehab expenses (which can include restoration and seismic work); or 35% of qualified seismic retrofitting expenses alone.

What's the minimum investment to qualify? \$10,000

What will this cost the state? The program will have an aggregate cap per biennium. The amount of the cap is has not been set at the time of bill introduction.

Is there a per-project cap? Yes, 10% of the aggregate cap, up to a maximum of \$2M per project.

Are certain standards required? Work must adhere to the Secretary of Interior Standards for Rehabilitation for the exterior façade of the buildings and for significant public interior spaces, while accommodating change of use and interior conversions to multi-family residential use.

Will rural Oregon get its fair share? At least 30% allocated for small (< \$1M rehab/seismic costs) and rural projects.

How would it work? An auction of state tax credits creates a Fund to provide rebates to approved projects. Work must be completed before the rebates are issued.

How can I support this bill? [Contact your legislators](#) by phone, in person, or by email and urge their support.



SB 927 & SB 929 Will Help Hundreds of Buildings Like These Be Restored and Repurposed



Klamath Falls Historic District

- Affordable Housing
- Retail/Office
- Mixed Use



St. Francis Hotel, Albany

- Boutique Hotel
- Affordable Housing
- Retail Space



Springfield Public Schools Administration Building

- Affordable Housing
- Office Space



Heryford Building, Lakeview

- Boutique Hotel
- Affordable Housing
- Retail & Office Space



Isam White House, Portland

- Conversion to multi-family housing



Steam Plant, Eugene

- Affordable Housing
- Community Arts Space
- Mixed Use



Tioga Hotel, Coos Bay

- Affordable Housing
- Boutique Hotel
- Retail Space



LaDow Block, Pendleton

- Affordable Housing
- Arts & Culture Space
- Retail & Office Space



Uppertown Net Loft, Astoria

- Maker-Space
- Arts & Culture Space
- Retail & Office Space

