



Oregon

Tina Kotek, Governor

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Chair March, Vice Chair Andersen, Members of the Committee,

Thank you for the opportunity to provide testimony on HB 3848. Oregon Parks and Recreation Department has no position on the bill.

Oregon Parks and Recreation Department is responsible for operation of the State Historic Preservation Office (SHPO). The SHPO administers Oregon's Special Assessment of Historic Properties program, which is a state tax incentive program offering a specially assessed value, calculated by the county assessor, to National Register-listed properties in exchange for qualifying rehabilitation projects over a 10-year term. Legislation for this program was not reauthorized so the program sunset on July 1, 2024; all properties currently enrolled in Special Assessment will continue until their expiration dates, but no new properties may be added to the program.

There are 146 individual historic properties across the state that participate in the program. Current legislation, [HB 3190](#), would reinstate the program for commercial (non-owner-occupied, income-producing) properties only.

Under HB 3848, individual property owners would need to agree to comply with prohibitions on use of the property as a vacation rental when applying for the special assessment program. Without the ability to accept new applications, HB 3848 would have no effect.

However, if legislation anticipates applying this provision retroactively to current participants, it would require new agreements with each participant, including those who are already using their properties as rentals in order to help finance the building's rehabilitation in the first place.

This would place a heavy administrative burden on program staff, who would be charged with executing new agreements, tracking and enforcing changes in use for program participants, and promulgating new rulemaking. Users of the program who have completed rehabilitation projects and are currently using their buildings for rentals would have to leave the program amid back taxes and penalties.

Utilizing a statewide historic preservation program to achieve specific neighborhood zoning outcomes may have unintended consequences. Oregon has over 2,000 properties listed in the National Register, including 135 historic districts. Current use of a property is not considered when reviewing properties for listing. Many properties remain standing because their uses have changed and evolved over the years. It is rare for local ordinances or state laws to regulate the specific use of historic properties because it does not tend to promote or improve a preservation outcome.

Short-term and vacation rentals are a growing concern in many neighborhoods and cities facing middle-housing shortages. Utilizing the state's only historic preservation incentive program may not be the best tool to address the issue. It could have a dampening effect on historic building reuse and rehabilitation and impact the economic vitality those projects bring across the entire state. Protecting access to incentives for rehabilitation and reuse, on the other hand, may create opportunities for middle housing.

We would be happy to work with Senator Andersen to learn more about his concerns and explore ways to address them together.