

California Historic Tax Credit—SB 451

AN ECONOMIC INCENTIVE WHOSE TIME HAS COME

CALIFORNIA'S SENATE PRO TEM TONI ATKINS (D-39) OF SAN DIEGO has introduced legislation for the California Historic Rehabilitation Tax Credit to benefit economic development of properties on the State or Federal Register of Historic Places.

The California Historic Rehabilitation Tax Credit (SB 451), introduced during the 2019 legislative session, is sponsored by a broad-based coalition under the leadership of the California Preservation Foundation and the American Institute of Architects, California Council. Leading preservation organizations, property owners, developers, affordable housing advocates, and builders support this incentive.

Proposed features of the bill include:

- **A 20% tax credit.**
- **A 5% bonus for certain projects (local, state or federal surplus properties, low-income housing, BRAC zones or Transit-Oriented Development areas).**
- **Use of the credit by income-producing properties and owner-occupied buildings.**
- **An annual aggregate cap (\$50,000,000) on the tax credit program, with \$10 million set aside for residential and smaller projects.**

Other provisions include:

- **Project screening by the California Tax Credit Allocation Committee (or other government agency) to demonstrate the return on investment to the state.**
- **Limitations on the use of the residential tax credit based on combined household income, type of work and cost of work.**
- **An effective date of January 1, 2021 and a sunset date of January 1, 2026.**

If passed, this bill will:

- **Create construction and building industry jobs.**
- **Enhance state tax revenues through increased economic activity, employment, and wages.**
- **Increase local revenues through increased property values, sales tax, and heritage tourism.**
- **Stimulate the economy and sustainable development, reduce blight, and preserve the rich legacies of California communities.**
- **Combine these credits with other tax credits for greater leverage.**



The adaptive reuse of San Francisco's Central YMCA restored the dignity of a beloved landmark and created an innovative integration of homes for the homeless, health and supportive services, a community gym, and an auditorium. Photo © Mark Luthringer



Historic Preservation and Low-Income Tax Credits enabled rehabilitation of the 1930 California Hotel into apartments for low-income Oakland residents. Photo © Mark Luthringer



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Federal incentives enabled the adaptive reuse of the Santa Fe Coast Lines Hospital and Nurses' Dormitory into Hollenbeck Terrace, providing low income housing for senior citizens. Photo © AMCAL Multi-Housing, Inc.