LOS ANGELES CONSERVANCY

523 West Sixth Street, Suite 826
Los Angeles, CA 90014

213 623 2489 OFFICE
213 623 3909 FAX
laconservancy.org

September 13, 2019

Submitted electronically
The Honorable Toni Atkins
Senate Pro Tem
State Capitol, Room 205
Sacramento, CA 95814

California Preservation Foundation
101 The Embarcadero, Suite 120
San Francisco, CA 94105
By email: cpf@californiapreservation.org

RE: **SB 451 (Atkins), Historic Buildings Rehabilitation Tax Credit –
         SUPPORT**

Dear Governor Newsom,

On behalf of the Los Angeles Conservancy and our nearly 6,000 members, I
am writing to request that you sign SB 451 (Atkins), a bill that will authorize a 20
percent state income tax credit for the rehabilitation of certified historic structures.
This bill passed the Assembly and Senate with unanimous, bipartisan support.

A historic tax credit program can be a powerful force for historic places throughout
California: revitalizing economically depressed urban areas and local communities
adjusting to the phase-out of redevelopment dollars; stimulating public and private
investment; and building civic pride as we celebrate our heritage and preserve
California's past. This bill is an investment in California's communities and is
worthy of your support.

The tax credits provided by SB 451 will incentivize the restoration of neglected and
underused buildings in communities across California. From 2002 to 2016, $468.1
million in federal tax credits catalyzed 169 projects in California, totaling $2.8
billion in qualifying rehabilitation expenditures. This activity generated 39,279
jobs, $2.8 billion in Gross State Product, $160 million in state and local taxes, and
$493.3 million in federal taxes.

State historic tax credits are a dollar for dollar reduction in tax liability and help
make difficult projects financially viable. With these incentives, states not only

increase revenue by broadening their tax base, but they also transform areas of disinvestment and put long-vacant or under-utilized buildings back into production.

The federal historic tax credit, coupled with the new California state historic preservation tax credit promises to stimulate millions of dollars in private investment, create new jobs, restore iconic landmarks and everyday neighborhoods throughout California. Most importantly, this bill will help address the critical need for affordable housing in underutilized historic buildings by providing an important financial incentive. Between 2007 and 2017 over 38% of all federal historic tax credit projects in California created new housing units or improved existing units. Of that amount over half were affordable housing projects.

One example of a Los Angeles-area project that utilized the Federal Historic Preservation Tax incentive program to ensure financial viability, and could have been further benefited by a California program is the 1889 Boyle Hotel. In 2013 it was transformed into a 51 unit affordable housing project with three ground floor commercial tenant spaces. The project created 31 housing units in the historic building and an additional 20 units in the attached new construction. It was a project completed by East Los Angeles Community Corporation (ELACC).
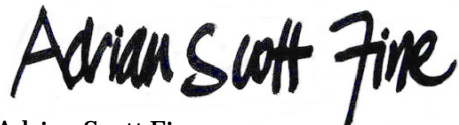
State Historic Tax Credits make historic rehabilitation financially feasible, leverage significant private investment, and are a consistently strong return on state investment. We look forward to joining the 35 other states that have successful state historic tax credit programs and seek your support.

About the Los Angeles Conservancy:
The Los Angeles Conservancy is the largest local historic preservation organization in the United States, with nearly 6,000 members throughout the Los Angeles area. Established in 1978, the Conservancy works to preserve and revitalize the significant architectural and cultural heritage of Los Angeles County through advocacy and education.

I strongly encourage you to sign SB 451 into law.

Sincerely,

Adrian Scott Fine
Director of Advocacy

CC: Senate President Pro Tem Toni Atkins
        California Preservation Foundation