Preface

The programs listed in this document will assist anyone interested in the field of historic preservation to locate funding and incentives available to qualified historic properties. Some of the programs are incentive based while others rely on a designated funding source, or on a commitment from an overseeing jurisdiction. Certain program funding may be based on annual budgets at the federal, state, or local levels, while others are ongoing programs involving credits or abatements. Programs may also be regulatory or code driven.

This document includes Internet addresses for each listed program. Readers are advised to visit the web sites for contact information including address, phone and fax numbers, in-depth background, and for up-to-date information on the listed incentives and programs.

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NOTE: Information provided is for general information only, and does not constitute legal advice or opinion in any way. As these laws and regulations change over time and may leave room for interpretation, you are urged to consult your attorney regarding specific legal questions you may have. Every effort has been made to provide up-to-date and correct information. If errors in text and/or
content are found, please alert the Office of Historic Preservation (OHP) as soon as possible.

The activity that is the subject of this Incentive Manual has been financed in part with federal funds from the National Park Service, U.S. Department of the Interior. However, the contents and opinions do not necessarily reflect the views or policies of the Department of the Interior, nor does the mention of trade names or commercial products constitute endorsement or recommendation by the Department of the Interior.
The California Cultural and Historical Endowment (the Endowment) was established at the California State Library in 2003 when then-Governor Gray Davis signed AB 716 (Firebaugh) (PDF) | (HTML) The Legislature intended the CCHE to raise the profile and scope of California's historic and cultural preservation program in an era of cultural homogeneity and dwindling historic structures. CCHE grants have helped to preserve the many historic treasures that are California's cultural legacy. These sparkling jewels belong to all of us collectively and convey important lessons about opportunity, hardship, innovation, injustice, perseverance, and redemption. Peer inside the CCHE jewel box at www.californiastreasures.org and discover the hidden gems of California's past, now preserved for generations to come.

In 2011, the CCHE published Preserving California's Treasures to showcase the 180 capital projects and planning grants funded by the CCHE. CCHE no longer has any copies of the first printing available to sell directly, but a limited number of copies are available at two retail outlets: The Pasadena Museum of History and The San Diego County Department of Parks and Recreation. To purchase a copy from the Pasadena Museum of History, call (626) 577-1660. To purchase a copy from the San Diego County Department of Parks and Recreation, call (858) 966-1308. CCHE is working to produce a second run of the publication due to the demand.

Since 2010, CCHE has been collaborating with leaders from several statewide preservation organizations and has played a central role in the development of an ongoing program called Landmarks California: the Places of our Diverse Histories and Cultures.

The Landmarks California program is intended to demonstrate the many positive outcomes of historic preservation: environmental and financial sustainability, a means of telling the many stories that comprise California's diverse history, and a social fabric strengthened by a sense of pride and belonging to the community. This ongoing program will continue to advance the CCHE's goal of strengthening and deepening Californians' understanding of California's history, its present society and themselves, with the end goal of better communities and neighborhoods. Visit www.landmarkscalifornia.org for more project details.

FURTHER INFORMATION:

California State Library California Cultural and Historical Endowment:
http://www.library.ca.gov/grants/cche/

The Resources Agency has created a website where the public can obtain information about projects in their community funded by Proposition 40, which is now entirely allocated:
Prop 40 Project Award Information
CERTIFIED LOCAL GOVERNMENT GRANTS

In recognition of the need to involve local governments in historic preservation, the 1980 amendments to the National Historic Preservation Act provided a specific role for them in the national program by establishing the Certified Local Government (CLG) program. A CLG is a local government whose historic preservation program has been certified by the Office of Historic Preservation and the National Park Service. General requirements include a preservation ordinance, a qualified historic preservation review commission established by local law, a survey and inventory program, and adequate public participation in the local historic preservation program. Any local government is eligible to apply for certification, with the exception of regional commissions and councils of government. A local government is any general purpose political subdivision of California such as a city, county, or city/county government.

In order to strengthen the federal/state/local partnership, the Historic Preservation Fund (HPF), a line item in the federal budget, provides an annual grant to each state historic preservation office. At least ten percent of the state’s annual HPF allocation is passed through to CLGs on a competitive basis. HPF grants are awarded to CLGs on a 60/40 (federal/local) matching basis. It is worth noting that Community Development Block Grant (CDBG) funds, discussed elsewhere in this document, are federal funds that may be used as local match for federal grants such as CLG grants.

In California, CLG grants can be used for historic preservation planning activities, but not for bricks and mortar projects. Funded activities include:

- General Plan Historic Preservation Elements
- Ordinance Revisions
- Historic Contexts and Surveys
- National Register of Historic Places District or Multiple Property Nominations
- Archeological Preservation Plans
- Design Guidelines for Historic Properties
- Preservation Education and Outreach Programs
- Historic Structure Reports/Preservation Plans
- Information Management and Technology

FURTHER INFORMATION:

California’s CLG Program: http://www.ohp.parks.ca.gov/default.asp?page_id=1072
National CLG Program: http://www.nps.gov/history/hps/clg/
EARTHQUAKE RETROFIT PROGRAMS

EXISTING GOVERNMENT FINANCIAL INCENTIVE PROGRAMS

There are a variety of local, state and federally funded government programs that have provided, or are continuing to provide, financial incentives for owners of single family homes, mobile homes or apartments to structurally retrofit those buildings.

LOCAL GOVERNMENT PROGRAM EXAMPLES
(PROGRAMS ARE ON-GOING UNLESS OTHERWISE NOTED)

- Santa Cruz County – Brace for the Quake Program (1992-1996)
- City of Los Angeles – Seismic Mitigation Loan Program
- City of Oakland – Project SAFE
- City of Berkeley – Seismic Retrofitting Incentive Program
- Association of Bay Area Governments (ABAG) Finance Authority for Nonprofit Corporations, Affordable Housing Program
- City of San Leandro – Earthquake Retrofit Programs

STATE PROGRAMS

California Earthquake Authority – Residential Retrofit Program

CEA was established by State Legislature in 1996 as a privately funded, publicly managed entity to help California residents protect themselves against earthquake loss. In 1999, CEA launched SAFER (State Assistance for Earthquake Retrofits) in nine Bay Area counties. Enabling legislation can be found in the California Insurance Code, primarily in Sections 10089.5 through 10089.54.

California Department of Insurance – Grant and Loan Program

This grant program has operated since 1996. It is designed for low to moderate income homeowners, and pays for such retrofitting procedures as foundationanchoring, securing water heaters, installing automatic gas shut-off valves, and installing bracing for sheer walls. The maximum grant amount is $8,000, or up to $30,000 for foundation repair/replacement work. Grants are competitive and rated on need and income. This program is slated to end in December 2004, although it may be extended.

FURTHER INFORMATION:

Association of Bay Area Governments: Technical Appendix C, Existing Government Financial Incentive Programs for Earthquake Retrofit:

California Department of Insurance Earthquake Program:  
http://www.insurance.ca.gov/0100-consumers/0060-information-guides/0040-residential/earthquake-insurance.cfm

California Earthquake Authority:  
http://www.earthquakeauthority.com

City of San Leandro:  
http://www.sanleandro.org/depts/cd/bldg/retrofit/

Saving Lives Through Earthquake Mitigation in Los Angeles:  

Two publications that discuss seismic safety improvements, *The Commercial Property Owner’s Guide to Earthquake Safety, 2005 Edition* (CSSC Pub. No. 05-01) and *The Homeowner’s Guide to Earthquake Safety 2006 Edition* (CSSC Pub. No. 06-02), are available from the Seismic Safety Commission. Both are available in downloadable form or copies may also be purchased.

Seismic Safety Commission--general publications:  
http://www.seismic.ca.gov/pub.html

http://www.seismic.ca.gov/pub/CSSC_2006-02_COG.pdf

MARKS HISTORICAL REHABILITATION ACT

The Marks Historical Rehabilitation Act of 1976 authorizes cities, counties, and redevelopment agencies to issue tax-exempt revenue bonds to finance the rehabilitation of significant historic buildings. The Act specifies the conditions and criteria under which the bonds can be issued.

The Marks Bond Act appears to have rarely been used due to the restriction that developers may not make capital expenditures of more than $10 Million. Cities or counties are rarely willing to expend the time and money involved in issuing bonds for this small amount. If, however several major historic projects are undertaken in a jurisdiction at the same time and the collective costs and expenses total an amount high enough to justify staff time and fees to issue a bond, then the Marks Bond Act may prove to be a useful and desirable tool.

RELEVANT SECTIONS FROM CALIFORNIA HEALTH AND SAFETY CODE SECTION 10
NOTE: TEXT IS EXCERPTED, FOR FULL TEXT SEE LINK.

Chapter 1: General Provisions and Definitions (Sections 37600-37603)

Section 37601: Legislative Finding and Declarations

- State declaration that properties and structures of historical or architectural significance are an essential public resource and that it is necessary and essential that cities and counties be authorized to make long-term, low interest loans to finance the rehabilitation of properties of historic or architectural significance.
- Unless local agencies have the authority to provide loans for the rehabilitation of historic properties, many properties of historic or architectural significance will continue to deteriorate at an accelerated rate because loans from private sources are not sufficiently available for their rehabilitation.
- It shall be the policy of the state to preserve, protect, and restore the historical and architectural resources of the state.

Section 36602: Definitions

- **Bonds:** Any bonds, notes, interim certificates, debentures, or other obligations issued by a local agency pursuant to this part and which are payable exclusively from the revenues, as defined in subdivision (k), and from any other funds specified in this part upon which the bonds may be made a charge and from which they are payable.
- **Financing:** The lending of money or thing of value for the purpose of rehabilitation of historical properties and includes refinancing of outstanding indebtedness of the participating party with respect to property which is subject to historical rehabilitation, the acquisition of historical properties for the purpose of historical rehabilitation, or the acquisition of historical properties rehabilitated by a redevelopment agency functioning pursuant to Part 1 (commencing with Section 33000) of this division.
- **Historical rehabilitation:** The reconstruction, restoration, renovation, or repair of the interiors or exteriors of historical properties or their relocation for the purposes of
restoring or preserving their historical or architectural significance or authenticity, preventing their deterioration or destruction, continuing their use, providing for their feasible reuse, or providing for the safety of the occupants or passersby. Historical rehabilitation includes, but is not limited to, the repairing of architectural facades or ornamentation; removal of inappropriate additions or materials; replacement of facades, ornamentation or architectural elements previously removed; repairing of roofs, foundations, and other essential structural elements; installing parking areas, if required by local regulation or law for the use for which the property is intended after rehabilitation.

- **Historic rehabilitation area:** A geographic area, with specific boundaries, which is designated by a local agency as an area in which an historical rehabilitation financing program shall apply. It may encompass the entire jurisdiction of the local agency, or any portions thereof, including single parcels.

- **Historical property:** Any building of part thereof, object, structure, monument, or collection thereof deemed of importance to the history, architecture, or culture of an area as determined by an appropriate governmental agency. An appropriate governmental agency is a local official historic preservation board or commission, a legislative body of a local agency, or the State Historical Resources Commission. Historic property includes objects, buildings, structures, monuments, or collections thereof on existing national, state, or local historical registers of official inventories, such as the National Register of Historic Places and State Historical Landmarks.

- **Rehabilitation standards:** The applicable local or state standards for the rehabilitation of historical properties, including any higher standards adopted by the local agency as part of its historical rehabilitation financing program and including standards established pursuant to Part 2.7 (commencing with Section 18950) of Division 13, except that, for properties listed on or eligible for listing on the National Register of Historic Places, rehabilitation standards shall mean, at a minimum, those standards set forth by the United States Department of the Interior as *The Secretary of the Interior’s Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings* as those standards may be applicable to any particular historical rehabilitation.

**Chapter 2: Powers and Procedures (Section 37620-37631)**
References the following information:
- Issuance of bonds for financing work.
- Fees, charges, interest rates and terms and conditions.
- Criteria for eligibility, standards, and citizen participation.

**Chapter 3: Bond and Notes (Section 37640-37650)**
References the following information:
- Issuance of negotiable bonds or notes for financing the rehabilitation of properties.
- Types of properties and types of bonds.

**Chapter 4: Rehabilitation Loans (Section 37660-37662)**
References the following information:
- Loan agreements and conditions.
Chapter 5: Construction and Effect (Section 37680-37682)
References the following information:
• General public welfare, jurisdiction and authority information.

Chapter 6: Supplemental and Additional Authority (Section 37683-37684)
References the following information:
• Supplemental and additional information.

FURTHER INFORMATION:

California Health and Safety Code, Part 10

Health and Safety Code 37600-37603
http://www.leginfo.ca.gov/cgi-bin/displaycode?section=hsc&group=37001-38000&file=37600-37603
MILLS ACT
California Property Tax Abatement Program

Since 1972 the Mills Act, sponsored by Senator James Mills of Coronado, has provided property tax relief to help preserve designated historic properties in California. It is a permissive program subject to approval and adaptation by city and county governments.

In order to help rehabilitate and maintain qualified historic properties, the Mills Act program allows for the voluntary creation of a contract between a private property owner and the city or county to provide a reduction in property taxes. The property tax relief is calculated by the capitalization of income method by the county assessor to reflect the Mills Act restrictions placed on the property. Mills Act properties are subject to annual reassessments by County Assessors which may result in slight increases in property taxes each year.

ELIGIBILITY

A property must be a “qualified historic property,” which is a privately owned property (residential or commercial) not exempt from property taxation and is either:

- Listed individually in the National Register of Historic Places (NRHP) or as a contributor to a NRHP District; or
- Listed in any state, county, city, or city and county official register of historical or architecturally significant places, sites, or landmarks.

PROVISIONS

The following items must be included in the language of the Mills Act contract, although local historical ordinances may require other provisions:

- Contract is for a minimum of 10 years
- Any work to restore or rehabilitate the property must follow the Secretary of the Interior’s Standards for Rehabilitation and the California Historical Building Code
- Inspections as may be necessary to assure compliance with the provisions of the contract
- Recognize that the contract is binding on successors in interest to the original owner
- Provisions for penalties for termination of contract

The local agency may charge a reasonable fee for administering the program. OHP must be notified in writing within six months of entering into a contract. Subsequent contract questions or cancellation may involve review by the California State Historical Resources Commission.
NOTE: City or county governments may apply a more limited definition of a qualified historic property. For example, in Los Angeles only locally designated properties or contributors to locally designated districts may participate.

FURTHER INFORMATION:

OHP Technical Assistance

http://www.ohp.parks.ca.gov/default.asp?page_id=21412

Series #12
SEISMIC BOND ACT

California Revenue and Taxation Code (RTC) Sections 70(d) and 74.5

Section 70(d) implements Proposition 23, approved by the voters in 1984, and provides a 15-year new construction exclusion for improvements to unreinforced masonry buildings (URMs) undertaken to comply with local ordinances on seismic safety.

Section 70(d) was repealed in legislation described in the State Board of Equalization Letter to County Assessors: Seismic Safety New Construction Exclusions in 2010. See Further Information below.

Section 74.5 implements Proposition 127, approved by the voters in 1990, and provides a new construction exclusion for seismic improvements and improvements utilizing earthquake hazard mitigation technologies. This exclusion applies only to existing buildings and structures. The provisions of section 74.5 do not apply to seismic safety reconstruction and improvements to URMs that qualify for exclusion provided in section 70(d).

Assembly Bill 184 (Chapter 330, Statutes of 2001) amended sections 70(d) and 74.5 of the Revenue and Taxation Code relating to new construction exclusions for certain seismic safety improvements. Specifically, Chapter 330 changed the filing deadlines and modified the definition of “improvements utilizing earthquake hazard mitigation technologies.” This legislation became effective on September 25, 2001.

SEISMIC RETROFITTING IMPROVEMENTS and IMPROVEMENTS UTILIZING EARTHQUAKE HAZARD MITIGATION TECHNOLOGIES (RTC Section 74.5)

Section 74.5(b)(1) defines seismic retrofitting improvements. To exclude these improvements from assessment, they must fit into one of the following classifications:

- Retrofitting or reconstructing to abate falling hazards that pose serious danger
- Structural strengthening
- Improvements resisting seismic force levels during an earthquake to significantly reduce the hazards to life and safety and also provide safe entry and exit during and immediately after an earthquake

Seismic retrofitting also includes those items referenced in Appendix Chapters 5 and 6 of the Uniform Code for Building Conservation (UCBC) of the International Conference of Building Officials. UCBC Appendix Chapter 5 relates to the retrofit of concrete tilt-up buildings and provides requirements for wall anchors and diaphragm cross ties. UCBC Appendix Chapter 6 relates to prescriptive retrofit of residential cripple walls and foundation anchorage and provides prescriptive guidelines for bracing of cripple walls that can be implemented by the homeowner and/or contractor without requiring numerically based structural design.
IMPROVEMENT AMENDMENTS

Chapter 330 amends the definition of improvements utilizing earthquake hazard mitigation technologies in section 74.5(b)(2) to mean improvements to existing buildings identified by a local government as being hazardous to life during an earthquake. Improvements shall involve strategies for earthquake protection of structures and use technologies such as those referenced in Part 2 (commencing with section 101) of Title 24 of the California Building Code and similar seismic provisions in the Uniform Building Code.

Previously the definition of improvements utilizing earthquake hazard mitigation technologies was keyed to certain technologies approved by the State Architect. However, rather than adopting regulations referenced in Health and Safety Code section 16102, the State Architect instead developed guidelines and seismic performance standards to insure the seismic performance of buildings utilizing earthquake hazard mitigation technology.

FILING REQUIREMENTS

• Section 74.5 requires the property owner to notify the assessor prior to, or within 30 days of, completion of the project that the owner intends to claim the exclusion. In addition, all documents needed to support the claim must be filed no later than six months after completion of the project.
• It is the responsibility of the property owner, primary contractor, civil or structural engineer, or architect to certify to the building department those portions of the project that are either seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies.
• Upon completion of the project, the building department is to report to the county assessor the value of those portions of the project meeting either of these definitions.
• If the property changes ownership, the entire property, including the previously excluded new construction, is reappraised at its current full cash value as of the date of transfer. The new construction exclusion is available to the property owner who completes the construction; it is not passed along to subsequent owners.

CLAIM FORM

• Section 74.5(d) requires that the State Board of Equalization prescribe the manner and form for claiming the exclusion. The Board of Equalization has done that with the distribution of the sample form BOE-64, attached to the letter in Further Information below.

FURTHER INFORMATION:
California Revenue and Taxation Code Section 70-74.7
http://www.leginfo.ca.gov/cgi-bin/displaycode?section=rtc&group=00001-01000&file=70-74.7

State Board of Equalization Letter to County Assessors: Seismic Safety New Construction Exclusions, revised 2010:

Two publications that discuss seismic safety improvements, *The Commercial Property Owner’s Guide to Earthquake Safety, 2005 Edition* (CSSC Pub. No. 05-01) and *The Homeowner’s Guide to Earthquake Safety 2006 Edition* (CSSC Pub. No. 06-02), are available from the Seismic Safety Commission. Both are available in downloadable form or copies may also be purchased.

Seismic Safety Commission--general publications: http://www.seismic.ca.gov/pub.html

http://www.seismic.ca.gov/pub/CSSC_2006-02_COG.pdf

WILLIAMSON ACT PROGRAM

Enacted in 1965, the California Land Conservation Act, commonly referred to as the Williamson Act, allows local governments to enter into voluntary legal contracts (Land Conservation Contract) with private landowners in order to restrict specific parcels of land to agricultural or related open space use. In return, owners will receive lowered property tax assessments because the assessment will be based on farming and open space uses rather than speculative or full market value.

PROGRAM GUIDELINES

- The local jurisdiction creates an Agricultural Preserve with rules and restrictions stating the agricultural use. Only land located within the boundary of a Preserve is eligible for a contract.
- Government code requires that Agricultural Preserves be a minimum of 100 acres. However, more than one contiguous parcel may be combined to form the 100 plus acres and more than one owner may be involved. A smaller plot that cannot be combined but is unique in its agricultural characteristics and its designation is consistent with the general plan may be established as a special Preserve.
- Local planning departments have the application forms and instructions. The minimum term for a contract is 10 years, although a longer length can be agreed upon, and it runs with the land and is binding upon all successors. The contract is automatically renewed every year for the full 10 (or more) years.
- Either the landowner or local jurisdiction can file a notice of non-renewal that starts a nine-year non-renewal period. An owner may object to a local jurisdiction non-renewal filing. At the end of the nine-year process, the contract is terminated. If an owner initiates non-renewal, the property taxes will increase significantly during the first year of the process.

Since January 1, 1995 three principles of compatibility are mandatory in any contract:

- Long-term productive agricultural use and capability will not be compromised
- No impairment or displacement of agricultural activity will occur including harvesting, processing or shipping
- No adjacent contracted land will be removed from agricultural or open-space use

In addition to the Williamson Act, in 1995 the California Legislature passed the Agricultural Land Stewardship Program, now known as the California Farmland Conservancy Program, as an incentive to further protect productive agricultural land from encroaching development. In exchange for conservation easement rights, the owner receives a one-time payment purchasing the difference between development and agricultural value and then also obtains a reduction in property taxes. A local government or non-profit land trust may initiate the program on behalf of the owner.
FURTHER INFORMATION:

**Williamson Act:**
California Department of Conservation,
Division of Land Resource Protection

California Farmland Conservancy Program:
California Department of Conservation,
Division of Land Resource Protection

http://www.consrv.ca.gov/DLRP/lca

http://www.consrv.ca.gov/DLRP/cfcp/index.htm