

OFFICE OF HISTORIC PRESERVATION

Addendum to Initial Statement of Reasons

Title 14, California Code of Regulations, Division 3, Chapter 11.5
California Register of Historical Resources: New Subchapter 1, Sections 4859.01 - 4859.06

State Historic Rehabilitation Tax Credit

This Addendum to the Initial Statement of Reasons (ISOR) is being published in response to review comments offered by the Office of Administrative Law. This Addendum explains the modifications and the reasons for these modifications and provides additional information to further clarify the regulatory proposal. This is an Addendum to the ISOR and does not replace it.

The text of the proposed regulation was reorganized to improve readability and functionality. Changes that are sufficiently related include the following:

1. Section title 4859.01 is revised for clarity.
2. §4859.01(a) deletes a reference to a “summary of expected economic benefits of the project” because that summary is required by Section 38.10 and requires participation from the OHP and the CTCAC, not the public using the program. Some language is removed as unnecessary.
3. §4859.01(b) is deleted.
4. §4859.01(c) is renumbered as (b).
5. §4859.01(b)(1) deletes and adds language for clarity.
6. §4859.01(c) is added to identify three tax credit categories which each proposed project belongs to depending on its cost in subsections (1) (2) and (3). SB 451 identifies two allocation categories in Section 3(i)(2) as a “certified historic structure that is a qualified residence” and “certified historic building that is not a qualified residence with a qualified rehabilitation expenditure less than \$1,000,000”. The allocations for these two categories are defined in the legislation as a subset of the total allocation budgeted of \$50,000,000 as defined in Section 3(i)(1). The remainder of the allocation would fund all projects not a “certified historic structure that is a qualified residence” and “certified historic building that is not a qualified residence with a qualified rehabilitation expenditure less than \$1,000,000”. OHP is interpreting the remainder allocation as a category for projects that are “a certified historic building with qualified rehabilitation expenditures of \$1,000,000 or more.”
7. §4859.01(c)(1) revises the qualified residence category to match the legislation’s category name, and removes the trailing “and” at the ends of subsections (1) and (2).

8. §4859.01(d) adds further definition to which projects qualify to apply for State tax credits.
9. §4859.02(c) revises wording to further clarify the definition of “Certification”.
10. §4859.02 (d) revises language for clarity.
11. §4859.02(e) revises the definition of a “Certified Rehabilitation” by deleting reference to a “registered historic district” and revising language for clarity.
12. §4859.02(f) adds the definition of a “Dual Project”.
13. §4859.02(f) is renumbered as (g).
14. §4859.02(g) is renumbered as (h).
15. §4802.02(h) is renumbered as (i) and deletes reference to the National Register of Historic Places.
16. §4859.02(i) is renumbered as (j) and adds “Public Resources Code 5024.6” which grants OHP authority to administer historic preservation programs.
17. §4859.02(j) is renumbered as (k).
18. §4859.02(k) is renumbered as (l) and removes extra language not needed to define “Property”.
19. §4859.02(l) is renumbered as (m).
20. §4859.02(m) is renumbered as (n) and revises “as” to “is”.
21. §4859.02(n)(2) adds “and” between two references so that both are included in the definition.
22. §4859.02(n) is renumbered as (o).
23. §4859.02(o) is renumbered as (p).
24. §4859.02(p) is renumbered as (q) and clarifies the NPS regulation section where the Standards for Rehabilitation are defined and are incorporated by reference into these regulations as “67.7, Title 36 of the Code of Federal Regulations”. Reference to former section 4859.06 defining the Standards for Rehabilitation is deleted.
25. §4859.03(a)(1)(A) adds the Authority defining the NPS Part 1 form that qualifies dual projects to be listed on the California Register.
26. §4859.03(a)(1)(B) revises language for clarity, deletes the regulation acronyms and adds the full names of the California Code of Regulations section and Public Resources

Code section governing the listing of properties in the California Register.

27. §4859.03(a)(2) and (3) are added to describe how a prospective applicant can begin to list a property on the California Register.
28. §4859.03(c)(1) clarifies where application forms are located and provides the version name of the forms.
29. §4859.03(c)(2) language is revised for clarity.
30. §4859.03(c)(2)(A) clarifies the purpose of the Initial Project Application form and subsection (1) is added to identify the Amendment form as an extension of the Initial application.
31. §4859.03(c)(2)(B) revises language for clarity.
32. §4859.03(c)(3) is added describing the 20% and the 25% tax credit, and listing the criteria by which projects qualify for the 25% tax credit.
33. §4859.03(c)(4) is added to describe the three funding categories that apply to each project,
34. §4859.03(c)(5) is added to include the circumstances when applications are closed due to lack of funding and actions taken by the OHP when funding becomes available.
35. §4859.03(c)(3) is renumbered as (6) and language is revised for clarity.
36. §4859.03(c)(4) is renumbered as (7).
37. §4859.03(c)(5) is renumbered as (8) and redefines review deadlines to specifically within 30 days.
38. §4859.03(c)(6) is deleted and revised for clarity as subsection (11).
39. §4859.03(c)(7) is renumbered as (10) and revises language for clarity.
40. §4859.03(c)(8) is renumbered as (11) and provides revised language for electronic submission.
41. §4859.03(c)(9) is renumbered as (12).
42. §4859.03(d) revises language for clarity.
43. §4859.03(e) deletes ambiguous wording.
44. §4859.03(f) adds language for clarity.
45. §4859.03(g) revises language for clarity.

46. §4859.03(k) revises language for clarity.
47. §4859.03(m) revises language for clarity.
48. §4859.03(n) revises language for clarity.
49. §4859.03(n)(1) is added to clarify that dual projects use federal amendment forms, not state amendment forms.
50. §4859.03(o) is deleted for redundancy.
51. §4859.03(p) is deleted for redundancy.
52. §4859.03(q) is deleted for redundancy.
53. §4859.04(b) is added to clarify that dual projects are listed on the California Register after approval of the federal Part 1 form.
54. §4859.04(b) is renumbered as (c).
55. §4859.04(c)(2) revises language to be consistent.
56. §4859.05(b) deletes reference to former section 4859.06 which listed the Standards of Rehabilitation.
57. §4859.05(c) is deleted as unnecessary.
58. §4859.05(d) is renumbered as (c).
59. §4859.05(e) is renumbered as (d).
60. §4859.05(f) is deleted as unnecessary.
61. §4859.05(g) is renumbered as (e).
62. §4859.05(h) is renumbered as (f) and language is revised for clarity and consistency.
63. §4859.05(i) is renumbered as (g).
64. §4859.05(j) is renumbered as (h) and language is revised for clarity.
65. §4859.06 “Standards for Rehabilitation” is deleted in its entirety and is incorporated by reference.
66. §4859.07 “Appeals” is renumbered as §4859.06.
67. §4859.06(b)(1) adds the subject line for correspondence when appealing a denial.
68. §4859.06(b)(2) revises the email address for appeals correspondence.

69. §4859.06(b)(3) adds clarifying language and deletes unnecessary language.
70. §4859.06(e) revises and deletes unnecessary language.
71. §4859.06(f) is relocated as 4859.06(g).
72. §4859.06(g) is renumbered as (f) and revises language for clarity.
73. §4859.06(h) is deleted in its entirety.
74. §4859.06(g) is added to provide a deadline for the appeals decision.
75. §4859.06(i) is renumbered as (h) and language is revised for brevity.
76. §4859.06(i) is added to provide clarity in cases where OHP and the NPS may differ on certification of completed projects.
77. The Initial Project Application, the Completed Project Application, and all templates and forms included with v. 5/24 have been added (incorporated) by reference.
78. The Application Instructions v. 5/24 have been added (incorporated) by reference.

There were no other changes in the laws related to the proposed action or to the effect of the proposed regulation from the laws and effects described in the Notice of Proposed Regulatory Action.