



Preservation League *of* NYS

JOINT LEGISLATIVE BUDGET HEARING ON 2020-21 EXECUTIVE BUDGET PROPOSAL: TOPIC ENVIRONMENTAL CONSERVATION

Testimony of the Preservation League of New York State on the New York State Office of Parks, Recreation and Historic Preservation

Monday, January 27, 2020

Legislative Office Building, Hearing Room B, Albany, New York

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Chairwoman Krueger, Chairwoman Weinstein, and distinguished members of the Senate and Assembly, thank you for the opportunity to speak with you today on the topic of historic preservation and the New York State 2020-21 Budget.

As New York State's only statewide historic preservation nonprofit organization, the Preservation League of New York State invests in people and projects that champion the essential role of preservation in community revitalization, sustainable economic growth, and the protection of our historic buildings and landscapes. We lead advocacy, economic development, and education programs across the state and partner with local preservation organizations throughout New York.

My testimony today includes support of the proposed budgets for the New York State Council on the Arts, New York State Office of Parks, Recreation and Historic Preservation, as well as support of the Governor's proposed allocation for the Environmental Protection Fund, the Governor's proposal to expand prevailing wage regulations, and support of legislatively-proposed improvements to the New York State Historic Tax Credit.

In addition to the above testimony, I will first comment on the Governor's *Reimagine the Canals* initiative, as well as how historic preservation and existing buildings can support the Governor's Green New Deal.



Reimagine the Canals

The NYS Barge Canal System spans 524 miles and includes the Erie, Champlain, Oswego, and Cayuga-Seneca Canals. It is an authentic end-to-end transportation corridor that has continuously operated since its construction, connecting residents and visitors throughout New York State. Due to this rich history, the NYS Canal System is listed as a National Historic Landmark District, this country's highest level of historic designation.

As the Erie Canal celebrates its bicentennial, the Governor embarked on an initiative to *Reimagine the Canals*. The recently-released report summarizing the *Reimagine* Task Force efforts recommends changes to the Erie Canal section of the NYS Canal System, without fully recognizing the system's strengths and historic integrity. We believe that the best future for our NYS Canal System lies in capitalizing on its authenticity as the oldest, continuously-operating canal system in the nation.

The Preservation League seeks to work with all stakeholders to welcome additional new uses for the NYS Canal System, while improving amenities for canal travelers and strengthening local, regional, and international partnerships to promote recreational and commercial uses. We have expressed our concern that the *Reimagine the Canals* process has not fully included the historic preservation community to date. Several proposals within the report do not comply with the New York State Historic Preservation Act, nor with the National Historic Preservation Act. We also note that several items highlighted in the *Reimagine the Canals* Task Force Report call out for further study and we would like to call the Legislature's attention to the many previously-produced reports on important environmental issues such as Aquatic Invasive Species, Mohawk River watershed restoration, and flooding throughout the Mohawk Valley. We believe the best use of NYS funds would incorporate the findings and recommendations of those reports issued by the NYS Department of Environmental Conservation as part of the Mohawk River Basin Action Agenda.

NYS Energy Research and Development Authority's Clean Energy Fund

The Preservation League supports the initiative to invest in energy efficiency improvements to combat climate change. We call the Legislature's attention to the importance of preserving and maintaining existing buildings as a key component of this effort. Studies have shown that buildings built before 1940 consume less energy for heating and cooling than those built in future years. Making an existing building more energy efficient, instead of demolition and new construction, has a greater positive effect on climate change mitigation. Multiple reports demonstrate that for new buildings it can take over 50 years for the initial emissions from construction to be outweighed by the effects of lower in use energy consumption. We ask the Legislature to make sure that funds spent to fight climate change



and improve energy efficiency also include a focus statewide on maintaining and using our historic buildings over constructing new ones.

Prevailing Wage

The Preservation League supports the Governor's proposed prevailing wage requirement outlined in his Executive Budget and agrees that our nation-leading construction program should support the workers undertaking the projects.

The Preservation League also strongly supports the exemptions relating to historic preservation as part of the prevailing wage requirement. We particularly support the following:

- Prevailing wage only applies to projects over \$5 million;
- Exemption of not-for-profits with gross annual revenue and support less than \$5 million; and
- Exemption of projects receiving tax benefits relating to historic rehabilitation.

We believe that exempting historic preservation tax credits from the prevailing wage requirement will maintain the economic development momentum underway, as the NYS Historic Tax Credit continues to revitalize our communities and stimulate our economy. Already these NYS Historic Tax Credit projects are in census-tract qualified communities, contributing to economic development and community stabilization. This will allow investment to continue in those communities that need it most. The project size and not-for-profit annual revenue minimum prevailing wage triggers ensure that the churches, synagogues, historic theatres, and museums that make our communities livable can restore and rehabilitate the community-defining buildings that house them.

The Preservation League believes in the important public policy initiative that all laborers receive a prevailing wage when public funds are used. We appreciate the NYS Legislature's thoughtful consideration of prevailing wage requirement impacts on our small nonprofits and historic tax credit projects in economically-distressed communities.

NYS Historic Tax Credit

Thank you for your support of improvements to the NYS Historic Tax Credit last year. Thanks to New York's support of this successful economic development program, developers are continuing to invest in vacant and underutilized historic buildings throughout New York State, bringing new life to Main Streets, historic neighborhoods, and industrial corridors in economically challenged communities.

This year, we seek two improvements to our State Historic Tax Credit, further encouraging investment in projects that bring about community revitalization, sustainable economic growth, and the protection of historic buildings and landscapes.

- Ability to directly transfer NYS Historic Tax Credits, mirroring the allowed transferability in the NYS Low-Income Housing Tax Credit.
 - Transferring NYS Historic Tax Credits provides a greater return on New York State's tax credit dollar, driving more investment into economic development rehabilitation projects.
 - The additional equity provided to a project through transferability will enable more historic rehabilitation, reduce the need for local subsidy, and allow greater efficiency for already expended state resources at no cost to the state treasury.
 - Of 34 states with State Historic Tax Credits, 18 allow transferability/certification, including our neighbors in Pennsylvania, Massachusetts and Connecticut.

- Increasing the NYS Historic Tax Credit from 20% to 30% for small projects under \$5 million.
 - Owners of smaller historic buildings, the type typically found in a Main Street neighborhood commercial corridor, are challenged to make a historic rehabilitation project feasible in projects under \$5 million.
 - Many investors will not engage with projects at or below this level because they do not earn enough return to justify their project entry costs.
 - Historic Tax Credit developers must hire consultants, such as architects, engineers, attorneys, and accountants, to get them through a rehabilitation project. The floor on these consultant expenses often means a small rehabilitation project will barely break even. This boost for smaller historic projects will fill that gap.
 - Our preliminary cost estimate, based on data from the National Park Service, is about \$8.4 million above current program cost. We based this on NPS data from the most recent 12-month period, where NYS had 52 projects at or below \$5 million from 4th quarter 2017 through 3rd quarter 2018. The difference between the existing 20% NYS Historic Tax Credit and a potential 30% NYS Historic Tax Credit for those projects would have been about \$8.4 million.

These improvements, reflected in bills **A. 5760C & S. 3645B**, will help local community development and economic revitalization efforts throughout New York State. We urge the NYS Legislature to include



them in the 2020-21 budget so that our state can continue to expand its economic development in our historic cities, villages and rural communities.

NYS Office of Parks, Recreation and Historic Preservation

The Preservation League is glad to see continued support for the NYS Office of Parks, Recreation and Historic Preservation (OPRHP) in the Executive Budget. Through its parks and historic sites, NYS OPRHP stewards hundreds of historic buildings. The Preservation League appreciates the commitment of Governor Cuomo and the NYS Legislature to address this maintenance and improvement backlog through funding and public/private partnerships. We support the Governor's proposal to increase capital funds for OPRHP-owned buildings and continue to encourage a focus on the historic buildings owned by New York State.

Environmental Protection Fund

Thank you to Governor Cuomo and the NYS Legislature for your commitment to fully funding the Environmental Protection Fund at \$300 million, including funding for parks and recreation. NYS OPRHP funds crucial historic preservation projects with Environmental Protection Fund (EPF) grants. EPF grants for historic preservation are often the primary funding source for nonprofits or municipalities seeking to restore their courthouse, town hall, library, historic house of worship, or nonprofit arts and cultural center. These grants then leverage private fundraising to preserve community anchors and centers of cultural tourism.

While we appreciate the Governor's support for the Environmental Protection Fund, we urge the Senate and Assembly to eliminate the provision that allows agencies to use EPF funds for agency staff. This proposal diverts important and necessary funds from our parks, open space, and environmental programs that the Environmental Protection Fund was created to support.

New York State Council on the Arts (NYSCA)

The Preservation League supports the proposed funding level for the New York State Council on the Arts. In this 50th anniversary year, we want to highlight the excellent work of the Council, whose programs consistently demonstrate best practices in grant-making.

NYSCA's peer-reviewed grant panels serve as a model for programs across the state. General Operating Support grants provide consistent support for organizations who demonstrate excellence and incentivize nonprofit arts and cultural organizations to meet those standards. The Preservation League's 27 year Preserve New York grant partnership with NYSCA's Architecture + Design Program, in



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addition to our newer Technical Assistance Grant partnership, help support historic preservation efforts in all of New York State's 62 counties.

NYSCA funds consistently lead to increased economic development through investment in arts and cultural organizations. Impacts of NYSCA funding are seen across New York State and highly leveraged by private, local, and federal funds. State dollars spent by NYSCA are among the best spent dollars in the state.

Summary

In addition to our support of improving the NYS Historic Tax Credits, the Preservation League strongly supports the continued funding for the New York State Council on the Arts and New York State NYS Office of Parks, Recreation and Historic Preservation, as well as maintaining the Environmental Protection Fund (EPF) at the level proposed in the Executive Budget. We believe that the EPF should not be diverted to cover state agency staff and operations.

We also urge the Legislature to carefully consider the best use of NYS funds in the *Reimagine the Canals* \$300 million proposal, as well as including historic preservation in our state's fight against climate change.

We also support the prevailing wage expansion, as well as the proposed exemptions outlined in the Executive Budget.

Thank you for your time and attention today and for inviting the Preservation League to testify. We are happy to provide additional information about the above testimony or any other historic preservation issue at the Committee's request.