

November 27, 2007

State of New York, Division of The Budget
Honorable Eliot Spitzer, Governor
Mr. Paul Francis, Director of the Budget and Senior Advisor to the Governor
Budget Services Unit, State Capitol
Albany, NY 12224

RE: Public Hearing on the Proposed 2008-2009 New York State Budget, Utica

Dear Mr. Francis:

The Landmarks Society of Greater Utica thanks you for this very important opportunity for public input on the proposed New York State Budget. I am speaking today not only on behalf of my organization, but also for the many preservation, history and arts organizations that are proud to call the Mohawk Valley home.

We all know that the State of New York and the nation face a budget crisis of historic proportions. However, we also know that building the economy is essential to the financial welfare of this state. And on that count, I can proudly say that historic preservation pays its own way – and more.

* According to the U.S. Department of Commerce's Bureau of Economic Analysis, manufacturing produces 13 fewer jobs and adds \$223,000 less to household income for each million of production than does rehabilitation.

* A 2006 independent audit of 2000 communities taking part in The National Trust for Historic Preservation's Main Street program found the "reinvestment ratio" (average number of dollars generated in a community per dollar to operate) was \$25.76 for every \$1 spent.

* In 2003, New York City's Independent Budget Office conducted a study of the effect of local historic district designation and regulation on real-estate prices and "[found evidence of a statistically significant price increase associated with inclusion [of a property] in an historic district. The extent of the premium varied from year to year, ranging from 22.6%... to 71.8%."

Exhaustive studies done in almost every state in the country since the 1970s confirm that **there is not a single sustained success story in downtown revitalization anywhere in the United States where historic preservation was not a key component of the effort.**

But, a chronic lack of funding over many years is preventing the SHPOs, THPOs, and everyone involved in protecting our heritage from fully implementing the activities, which Congress intended under the National Historic Preservation Act, now in its 41st year.

We recognize New York's very real budgetary challenges, but most respectfully remind this body that fully funding these historic preservation programs would represent a true investment in New York's legacy *and* its future.

State funding would be multiplied many times over through public-private economic partnerships and ventures. Perhaps most importantly, it would ensure the protection of hundreds of historic

structures and sites throughout the state that might otherwise pass from our shared heritage. When these sites, districts and buildings are lost, all citizens, present and future, lose. Our rich and abiding legacy cannot survive without your help.

With this in mind, we ask that you support an expanded New York State Rehabilitation Tax Credit Program, a full appropriation for the Office of Parks, Recreation and Historic Preservation, and return the NYSCA budget to \$54 million dollars.

Our thanks for your consideration of support for this budget proposal. We look forward to working with this administration to secure this funding in 2008 and beyond.

Sincerely,
Pamela Jardieu
The Landmarks Society of Greater Utica, Board of Trustees
The City of Utica, Scenic and Historic District Commissioner

HISTORIC REHABILITATION TAX CREDIT

In 2006, New York became the 28th state in the nation to enact a tax incentive to encourage the rehabilitation of historic commercial and residential properties. The Legislature's establishment of this program is much welcomed, but significant enhancements are still required to bring our state's program in line with the "best practices" and features of more effective programs such as Rhode Island's, which is hailed as the most effective community and economic revitalization program in that state's history.

Changes to the tax credit for Historic Preservation will have wide ranging and significant impact including: extending the program to a greater number of municipalities; catalyzing the development of affordable housing units; aiding the redevelopment of brownfields sites; aiding efforts to counter a growing shortfall in affordable housing; providing for the retention of existing community populations while attracting new homeowners to established neighborhoods; and revitalizing troubled Downtown commercial districts by guiding new investment back to existing municipal infrastructure.

This will in turn spur tax-base growth by increasing property values, attract new business and vitality to established communities, and encourage the preservation of our shared cultural and historic heritage. If further developed, this program offers the Spitzer Administration a significant new tool for community revitalization and economic development.

SHPO FUNDING

In 1966, the National Historic Preservation Act established a federal-state partnership to carry out the nation's historic preservation program. The National Park Service and the Advisory Council on Historic Preservation set the standards, and the New York State Office of Parks, Recreation and Historic Preservation through the SHPO, and in partnership with local agencies, do the actual work. This includes: survey and inventory of resources, State and National Register nominations, review of federal projects that may affect historic properties, awarding of grants, support and oversight of Certified Local Governments, preservation planning, supporting heritage tourism

initiatives, advice on proposed historic rehabilitations, administering the federal rehabilitation tax credit program, education... the list goes on and on.

As the SHPOs' job gets bigger the resources to support this work get smaller. Budget cuts, fixed costs and inflation eat away at the agency and continue a downward trend in SHPO's ability to effectively service New York communities. SHPOs have no alternative but to realign priorities and eliminate discretionary programs - public education, support for private-sector non-profits, site visits to prospective Certified Local Government (CLG) communities, marketing their rehabilitation tax credits - in order to have sufficient recourse to address the activities about which SHPOs have no discretion - responding to rehabilitation tax credit applications, and commenting on Section 106 reviews.

In addition, most states are simply unable to extend adequate grants-in-aid to specific rehabilitation projects. In the past, such money would seed redevelopment and bring the kind of positive attention needed to translate a dream of rehabilitation into a reality. These examples illustrate the consequences of under-funding and serve to suggest the incredible advances that full funding could secure.

NYSCA FUNDING

In 2000, Americans for the Arts published an economic impact study, which is now the benchmark for measuring the fiscal value of the arts. That study concluded that "At a time when governments at all levels are making tough budget choices, this study sends an important message – that support for the arts does not come at the expense of economic development." In fact, the study also found that the investment that governments make in the arts is returned at a rate of 8 to 1.

A 2002 survey by the Central New York Community Arts Council puts the power of the arts to positively impact the economy into local perspective. Each year, according to CYNAC, local arts organizations spend \$22 million, including nearly \$10 million in salaries and benefits. The total economic impact of arts organizations in Oneida, Herkimer, and Madison Counties exceeds \$118 million.

In addition, the arts help our region promote tourism, one of the largest industries in our state, and in general, are essential partners in the business of building New York. With that power in mind, we ask that you restore the NYSCA budget to \$54 million dollars.

Sources

- 1- U.S. Department of Commerce's Bureau of Economic Analysis (<http://www.bea.gov>)
- 2- The National Trust for Historic Preservation's Main Street program (<http://www.mainstreet.org/content.aspx?page=7966§ion=2>)
- 3- New York City's Independent Budget Office (<http://www.ibo.nyc.ny.us>)
- 4- New York State Historic Preservation Office (<http://nysparks.state.ny.us/shpo>)
- 5- Arts & Economic Prosperity: The Economic Impact of Nonprofit Arts Organizations and Their Audiences (<http://www.artsusa.org>)
- 6- Central New York Community Arts Council Arts Impact Study (<http://www.cnyarts.com>)

##end##