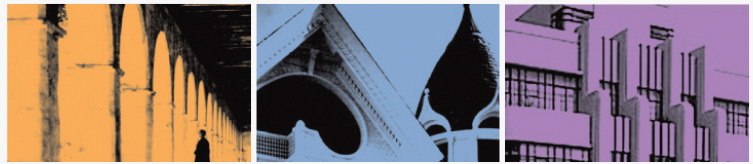


Governor Newsom Signs AB 1265, Extending California's Historic Rehabilitation Tax Credit Through 2031

New law advances California's housing and downtown revitalization goals by making historic rehabilitation and adaptive reuse more financially feasible

SAN FRANCISCO, CA, UNITED STATES, October 1, 2026 /EINPresswire.com/ -- Governor Gavin Newsom has signed AB 1265 by Assemblymember Matt Haney (D-San Francisco), extending California's [Historic Rehabilitation Tax Credit](#) through 2031. The law gives property owners, developers and communities greater certainty in financing the rehabilitation and adaptive reuse of historic buildings.



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“

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*Annabel Lee Enriquez,
President, California
Preservation Foundation*

strengthens a key state incentive for returning historic buildings to productive use as housing and as commercial and mixed-use space. Older properties often carry added costs for seismic work, accessibility and building systems. The credit helps close those feasibility gaps, attracts private investment and makes possible projects that otherwise would not pencil out.

AB 1265 also makes housing an explicit priority of the program. It complements the housing production, infill and

conversion policies pursued by Governor Newsom and the Legislature by unlocking another source of homes: California's existing building stock.

For taxable years 2027 through 2031, AB 1265 provides a credit equal to 20 percent of qualified rehabilitation expenditures on certified historic structures, up to \$5 million per taxpayer. Competitive scoring gives additional weight to projects that create, preserve or rehabilitate

housing. Twenty percent of available credits is reserved for projects with less than \$2.5 million in qualified rehabilitation costs. Two application cycles will be held each year beginning in August 2027, with credits distributed across the state to the extent feasible.

The program's first round shows what is possible. It awarded \$10.4 million toward the \$52 million rehabilitation of Building 8 at the former Naval Air Station Alameda for residential and commercial use. It also awarded \$29.6 million toward the nearly \$162 million conversion of San Francisco's Hearst Building from offices to a hotel. Together, \$40 million in state credits supported more than \$200 million in rehabilitation investment. The federal Historic Tax Credit shows the long-term return: a 2024 economic impact report prepared by Rutgers University for the National Park Service found that the program has generated \$54.3 billion in federal tax revenue against \$48.5 billion in inflation-adjusted credit costs.

"California needs more housing, and our downtowns need more people living in them," said Assemblymember Matt Haney. "AB 1265 helps us do both by making it easier to bring older and underused buildings back to life. We already have extraordinary buildings in the heart of communities across California. Instead of letting them sit vacant or tearing them down, we can turn them into homes, businesses and active places that help bring our downtowns back."

"Historic buildings are not obstacles to California's future. They are assets that can help build it," said Annabel Lee Enriquez, President, California Preservation Foundation. "We thank Governor Newsom and Assemblymember Haney for giving communities across the state a durable tool to put older buildings back to work — creating homes, supporting local economies, reducing waste and preserving the places that tell California's story."

"Architects see every day how much potential is locked inside California's existing buildings. AB 1265 can help unlock that potential by making rehabilitation and adaptive reuse more financially feasible — creating new opportunities for housing, economic activity and vibrant downtowns." said Ginger Thompson, President, AIA California.

AB 1265 builds on California's first Historic Rehabilitation Tax Credit, established by SB 451 in 2019 and authored by then-Senate President pro Tempore Toni Atkins. The new law carries that work forward while adapting the program to today's housing, adaptive reuse and downtown revitalization priorities.

With AB 1265 now law, attention turns to implementation and funding. The annual credit allocation will be set through the state budget, and that investment will determine how many projects and communities can benefit. CPF and AIA California will advocate for a strong allocation in the 2027–28 budget.

More information: <https://californiapreservation.org/ab-1265-signed/>

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