



April 15, 2013

The Honorable Adrian Smith  
2241 Rayburn House Office Building  
United States House of Representatives  
Washington, DC 20515

The Honorable John Larson  
1501 Longworth House Office Building  
United States House of Representatives  
Washington, DC 20515

Dear Representatives Smith and Larson:

We appreciate the work the Committee on Ways and Means has undertaken to examine current tax law with the aim of producing legislation that would comprehensively reform our tax code. The undersigned wish to thank the Committee, and particularly the Financial Services Working Group, for the opportunity to comment on the positive economic and social benefits the Federal Historic Rehabilitation Tax Credit, also known as the Historic Tax Credit (HTC), provides to communities throughout the nation.

In light of the challenging budget environment and the bipartisan call for meaningful tax reform, we want to emphasize the importance of the historic tax credit to the revitalization of commercial districts across the country. Weakening or eliminating the credit would endanger the economic feasibility of nearly all commercial historic rehabilitation projects. Historic rehab often costs more than new construction. In addition, over 75% of these projects are located in low-income census tracts where banks will typically loan a lesser percentage of total project cost. But for HTC equity financing, these properties will often sit idle, sometimes for decades, exerting a blighting influence on the surrounding neighborhood.

Based on research conducted for the National Park Service by the Rutgers Center for Urban Policy Research, we know that since the 1981 Congressional enactment of the historic tax credit, the HTC has leveraged \$106 billion in private investment in historic rehabilitation, created nearly 2.4 million jobs and rehabilitated 38,700 historic buildings.

The HTC is an efficient use of taxpayer dollars. Over the credit's 32 years, the federal government has allocated just over \$20 billion in tax credits, but collected more nearly \$25 billion in federal taxes resulting from rehabilitation projects—more than paying for the program. In our view, programs that generate this kind of economic impact while offsetting their own cost are worthy of keeping in the tax code.

The HTC's efficiency is reflected in the fact that for every dollar of public expenditure, private investors contribute five dollars toward the rehabilitation of historic properties. It should also be noted that project developers exchange the credit in the market place for close to \$1.00 in cash equity for every dollar of credit transferred to an investor. This "low discount" pricing assures that close to the full value of the HTC goes into property rehabilitation as Congress intended.

Rehabilitation projects across the country are putting Americans back to work. In a typical rehabilitation project, 60-70% of the total cost is labor as compared to new construction where labor

accounts for 50% of the total cost. Laborers on a rehab project are more likely to be hired locally, and they in turn spend into the local economy. Seventy-five percent of the economic ripple effect of a historic rehabilitation project is captured by the state and city where the property is located. It has been stated time and again that the vast majority of new jobs in the United States are created by small businesses. Rehabilitated historic buildings are ideally suited to support emerging small businesses that are often looking for a central location and main street appeal.

Efforts are now underway in Congress not simply to support the historic tax credit, but to improve it. The Creating American Prosperity through Preservation Act, introduced by Representatives Schock and Blumenauer in the 112<sup>th</sup> Congress and pending introduction in the 113<sup>th</sup> Congress, would provide for a more effective credit by targeting investment to the rebuilding of America's Main Streets, strengthening complementary state historic tax credits, and encouraging every rehabilitation to become a model of energy efficiency.

The historic tax credit is an important redevelopment tool that is helping revitalize cities, towns and rural communities across the country. As Congress charts our nation's economic path forward, we ask that you protect and enhance this federal incentive that uses our nation's past to meet the needs of today's economy.

Sincerely,

Albertin Vernon Architecture LLC  
Alliance for Historic Wyoming  
Allison Platt and Associates  
American Cultural Resources Association  
Baker Hostetler  
Baltimore National Heritage Area  
Brian Wishneff & Associates  
Bryan Cave LLP  
By the Wood, Architectural Historic Services  
Carnevale Eutis Architects, Inc.  
Charleroi AREA Historical Society, Inc.  
Cheltenham Township Historical Commission  
Cherokee County Historical Society  
Circa~ Cultural Resource Management, LLC  
City of Allentown, PA, Mayor Ed Pawlowski  
City of Salina, KS  
CJMW Architecture  
Clark Hill PLC  
Cleveland Restoration Society  
Colonial Williamsburg Foundation  
Colorado Historical Society  
Colorado Preservation, Inc.

Danville Historical Society  
DFC Group, Inc.  
DLA Piper  
DownTown East  
Dudley Ventures  
Florida Trust for Historic Preservation  
Forest City Residential Group, Inc.  
Foss and Company  
Foundation for Historical Louisiana  
Georgia Trust for Historic Preservation  
Global X  
Heritage Consulting Group  
Heritage Ohio  
Hillsdale County Historical Society  
Historic Boulder, Inc.  
Historic Chicago Bungalow Association  
Historic Denver  
Historic Fredericksburg Foundation, Inc.  
Historic Greeley, Inc.  
Historic Hawai'i Foundation  
Historic Kansas City Foundation  
Historic Lansdowne Theater Corporation

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Historic Richmond  
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Historic Seattle  
Historic York, Inc.  
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HRI Properties  
Hunton & Williams LLP  
Husch Blackwell LLP  
Kasper Mortgage Capital, LLC  
Keystone Preservation Group, Inc.  
KSK Architects Planners Historians, Inc.  
Kutak Rock, LLP  
Landmarks Illinois  
Louisiana Department of Cultural, Recreation & Tourism  
MacRostie Historic Advisors LLC  
Main Street Perryville  
Maine Preservation  
Mary Sue Boyle and Company LLC  
Maryland Historical Trust  
Mauch Chunk Museum & Cultural Center, Inc.  
Michigan Historic Preservation Network  
Minnesota Historical Society  
Montana Preservation Alliance  
National Trust Community Investment Corporation  
National Trust for Historic Preservation  
Nebraska State Historical Society  
Nixon Peabody LLP  
North Carolina Department of Cultural Resources  
Novogradac & Company, LLP  
Oil Region National Heritage Area  
Oklahoma Historical Society  
Olde Towne East  
Pennsylvania Arts Experience  
Pennsylvania Historical and Museum Commission  
Plante Moran PLLC  
Polsinelli Shugart PC  
Preservation Alliance of Minnesota  
Preservation Alliance of West Virginia  
Preservation League of New York State  
Preservation Maryland  
Preservation New Jersey  
Preservation Pennsylvania  
Preservation Resource Center of New Orleans  
Preservation Texas  
Preservation Virginia  
Prudential Manasco Realty  
Queen Anne's County Historical Society  
Reznick Group, P.C.  
Snow Hill Historic District  
RSM McGladrey, INC Real Estate Group  
Rushton, Stakely, Johnston & Garrett, P.A.  
San Juan County Historical Society  
Save Our Heritage Organisation  
Sherwin-Williams Company  
Squires, Sanders and Dempsey  
St. Charles Town Company  
State Historical Society of North Dakota  
Stonehenge Capital Company, LLC  
Tax Credit Capital, LLC  
The Ellicott City Restoration Foundation, Inc.  
The Ferchill Group  
The Georgetown Trust for Conservation and Preservation Inc.  
The Preservation Society of Asheville and Buncombe County  
Tread of Pioneers Museum  
Tryba Architects, CO  
Tulsa Preservation Commission, OK  
Tulsa Regional Chamber  
Urban Neighborhoods Inc.  
US Bancorp  
Utah Heritage Foundation  
Wagman Construction, Inc.  
Winn Development  
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