NATIONAL CONFERENCE OF STATE HISTORIC PRESERVATION OFFICERS
NCSHPO

Historic Tax Credit Coalition

National Trust for Historic Preservation
Save the past. Enrich the future.

PRESERVATION Action

April 15, 2013

The Honorable Kenny Marchant
1110 Longworth House Office Building
United States House of Representatives
Washington, DC 20515

The Honorable Jim McDermott
1035 Longworth House Office Building
United States House of Representatives
Washington, DC 20515

Dear Representatives Marchant and McDermott:

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 Debt Equity and Capital 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 112th Congress and pending introduction in the 113th 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
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Heritage Ohio
Hillsdale County Historical Society
Historic Boulder, Inc.
Historic Chicago Bungalow Association
Historic Denver
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Historic Kansas City Foundation
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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
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