



April 15, 2013

The Honorable Sam Johnson
1211 Longworth House Office Building
United States House of Representatives
Washington, DC 20515

The Honorable Bill Pascrell
2370 Russell House Office Building
United States House of Representatives
Washington, DC 20515

Dear Representatives Johnson and Pascrell:

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 Real Estate 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	Danville Historical Society
Alliance for Historic Wyoming	DFC Group, Inc.
Allison Platt and Associates	DLA Piper
American Cultural Resources Association	DownTown East
Baker Hostetler	Dudley Ventures
Baltimore National Heritage Area	Florida Trust for Historic Preservation
Brian Wishneff & Associates	Forest City Residential Group, Inc.
Bryan Cave LLP	Foss and Company
By the Wood, Architectural Historic Services	Foundation for Historical Louisiana
Carnevale Eutis Architects, Inc.	Georgia Trust for Historic Preservation
Charleroi AREA Historical Society, Inc.	Global X
Cheltenham Township Historical Commission	Heritage Consulting Group
Cherokee County Historical Society	Heritage Ohio
Circa~ Cultural Resource Management, LLC	Hillsdale County Historical Society
City of Allentown, PA, Mayor Ed Pawlowski	Historic Boulder, Inc.
City of Salina, KS	Historic Chicago Bungalow Association
CJMW Architecture	Historic Denver
Clark Hill PLC	Historic Fredericksburg Foundation, Inc.
Cleveland Restoration Society	Historic Greeley, Inc.
Colonial Williamsburg Foundation	Historic Hawai'i Foundation
Colorado Historical Society	Historic Kansas City Foundation
Colorado Preservation, Inc.	Historic Lansdowne Theater Corporation

Historic Resources Speak
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Historic Seattle
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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
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