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, 2015

The Honorable Dean Heller
324 Hart Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Michael F. Bennet
458 Russell Senate Office Building
United States Senate
Washington, DC 20510

Dear Senators Heller and Bennet:

We appreciate the work the Senate Finance Committee has undertaken to review the nation's current tax law as you consider legislation that would comprehensively reform our tax code. Our groups thank the Committee, and particularly the Community Development and Infrastructure Working Group, for the opportunity to comment on the positive economic and social benefits the federal 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 HTC to the revitalization of communities throughout the country. Weakening or eliminating the credit would endanger the economic feasibility of nearly all historic rehabilitation projects. Without the credits, the numbers just don't work. Historic rehab has a financing gap because rehabilitation is more expensive than new construction. Also, 84 percent of all transactions are located in low-income census tracts. Without the credits, these properties often sit idle often for decades, exerting a blighting influence on the surrounding neighborhood.

Research conducted for the National Park Service by the Rutgers Center for Urban Policy Research documents that since enactment of the historic tax credit in 1981, the credit has leveraged $117 billion in private investment in historic rehabilitation, created nearly 2.5 million jobs and rehabilitated more than 40,000 historic buildings. The HTC is the most significant federal investment in historic preservation. It has also proven to be an efficient use of taxpayer dollars. Over the credit's 34 year history, the federal government has allocated just over $24 billion in tax credits, but collected $28.6 billion in federal tax revenue from rehabilitation projects – more than paying for the program. For every dollar of public expenditure, private investors contribute four dollars toward the rehabilitation of historic properties.

Rehabilitation projects across the country are putting Americans back to work. In a typical rehabilitation project, 60-70 percent of the total cost is labor as compared to new construction where labor often accounts for less than 50 of the total cost. Laborers on a rehabilitation 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.

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,

Historic Tax Credit Coalition
National Conference of State Historic Preservation Officers
National Trust Community Investment Corporation
National Trust for Historic Preservation
Preservation Action