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The Downtown Alternative

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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:

The Downtown Alternative has been active in neighborhood revitalization and urban development since its inception in 1988. We have seen great results from the efforts to restore our urban neighborhoods in downtown Indianapolis. With the help of Historic credits, I have been able to renovate/redevelop over \$6.5mm of property resulting in 54 dwelling units that were previously vacant, not paying taxes & adding to the blight of our area.

As you may know, the HTC is one of the most successful programs for encouraging the adaptive reuse of our nation's historic and older buildings and the largest contribution the federal government makes to historic preservation. It has been one of the most productive federal development tax credits in Indiana. Since 1981 when President Reagan signed the historic tax credit into law, it has proven extremely successful in attracting capital to historic and mostly low-income areas in our state's cities and towns, generating thousands of high skilled jobs, strengthening property values, and creating affordable places to live.

The HTC is responsible for rehabilitating more than 40,000 buildings nationwide, leveraging over \$117 billion in private investment and creating nearly 2.5 million jobs nationwide. This credit is also a true economic driver in Indiana. According to National Park Service data, the HTC has been responsible for catalyzing 145 projects and over \$717 million in total development in Indiana from 2001-2013.

The HTC helps transform historically significant but vacant and underutilized buildings such as warehouses, factories, mills and department stores that no longer serve their original purpose, into viable housing, retail and office establishments. To the surrounding neighborhoods this means the creation of local jobs, increased property values, safer streets and the added benefit of preserving the community's sense of place.

Due to the location of an abundance of older buildings in city and town centers, historic rehabilitation is also a key component of any transit-oriented and smart growth policy and produces the walkable communities that millennials and empty nesters prefer. It is furthermore a small business oriented credit. About half of HTC projects are small, generating less than \$1 million in credits on Main Street-scale transactions. We have a lot of those in Indiana.

The Grace Manor Apartments @ 234 E 9th St. were rehabbed using Federal Tax Credits in 2004 after a devastating fire nearly destroyed all of the building. Using the rehab credits we were able to create 19 market rate 1/2 bedroom apartments, upgrade the buildings fire/life safety systems & restore a vital part of the block. Federal Tax Credits were used to save The Efroymsen House @ 2036 N. Delaware St from certain demolition & have added 5 new apartments to the Herron Morton Area.

It is clear to me the HTC has proven to be a catalyst for the achievement of many important Indiana state policies as noted above. To preserve and enhance the federal HTC's ability to leverage private investment, create good paying jobs, save energy and revitalize our urban and rural communities, we urge you to retain this incentive in the tax code as you consider the broader framework of tax reform.

Sincerefely,



Kevin Krulewitch
Managing Member
The Downtown Alternative

CC:
Senator Dan Coats
Senator Joe Donnelly