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John M. Fowler
Executive Director



Preserving America's Heritage

April 8, 2015

The Honorable Dean Heller
Hart Senate Office Building, SH-324
United States Senate
Washington, DC 20510-2805

The Honorable Michael Bennet
Russell Senate Office Building, SR-261
United States Senate
Washington, DC 20510-0609

REF: Community Development and Infrastructure Tax Working Group
Comment Regarding the Federal Historic Rehabilitation Tax Credit

Dear Senator Heller and Senator Bennet:

As the Community Development and Infrastructure Tax Working Group pursues its work, I would like to take this opportunity to commend to you an important tax incentive program that has an outstanding record of past success and great future potential to create jobs, grow the economy, and support community vitality – the federal historic rehabilitation tax credit, also known as the historic tax credit. Administered by the Department of the Interior and the Internal Revenue Service, this credit is provided to projects that rehabilitate income-producing historic buildings while maintaining their historic character. The Advisory Council on Historic Preservation (ACHP) wishes to express its full support for maintaining the historic tax credit as a component of a reformed tax code.

The ACHP is an independent federal agency that promotes the preservation, enhancement, and sustainable use of our nation's historic resources. Created by act of Congress in 1966, the ACHP is charged with advising the President and Congress on national historic preservation policy and specifically the impact of tax policies upon historic preservation. We consistently have encouraged measures to ensure the continued use of the historic tax credit as a valuable tool for integrating historic preservation and development investment, and for improving the economic vitality of America's communities. The credit has evolved to become one of the federal government's most successful initiatives to promote the preservation of historic properties and the revitalization of our nation's older cities and towns.

Since the inception of the historic tax credit, more than 40,000 tax credit projects have been approved, representing \$73.8 billion in private investment (more than \$110 billion in inflation-adjusted dollars). Tax credit use not only has preserved important historic resources, it has created 2.47 million jobs, rehabilitated almost 256,000 housing units, created 248,000 new housing units, and developed almost 138,000 low

ADVISORY COUNCIL ON HISTORIC PRESERVATION

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and moderate income housing units.¹ For local communities, this translates into enhanced property values, more affordable rental housing, removal of blighted conditions, and sustainable reuse of resources.


It is also important to note that the federal historic rehabilitation tax credit pays for itself. The \$21 billion cumulative cost of the program has been more than offset by the over \$26.6 billion in federal tax receipts generated by the rehabilitation projects receiving the credit.²

While the historic tax credit is helping to revitalize communities across the country, it is a particularly important tool for cities struggling to adapt to shrinking populations. A special Rightsizing Task Force of the ACHP has seen how the federal rehabilitation tax credit plays a role in the revitalization of cities and their traditional neighborhoods. In each of the cities visited by the task force – Buffalo, Cleveland, Detroit, Newark, and Saginaw – local officials shared examples of tax credit projects that are helping to stabilize and reshape neighborhoods.

The historic tax credit has a critically important role to play in restoring buildings and bringing renewed vitality to America's city centers and Main Street corridors. We respectfully request that you carefully consider the effectiveness, value, and reach of the historic tax credit, and its impact on American communities as you proceed with your assessment of tax code reform priorities. We are confident that your examination will conclude that this valuable tax credit is a cost-effective way to encourage private sector investment in our nation's cities and towns, building a strong future on the foundations of our past.

Please feel free to contact us if you have any questions on our position or if the ACHP can be of any assistance. Our Executive Director, John Fowler, can be reached at (202) 517-0200.

Sincerely,



Milford Wayne Donaldson, FAIA
Chairman

^{1,2} National Park Service, *Federal Tax Incentives for Rehabilitating Historic Buildings: Statistical Report and Analysis for Fiscal Year 2014* (March 2015); Rutgers University and the National Park Service, *Annual Report on the Economic Impact of the Federal Historic Tax Credit for FY 2013* (August 2014).