



REHABDEVELOPMENT

4040 Ed Drive, Suite #205

Raleigh, NC 27612

Tel. (336) 215-7849

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:

As a North Carolina based Main Street developer who has worked across VA, NC, SC and GA, I would like to share with you my concern for the future of the federal Historic Tax Credit (HTC) as discussions of tax reform progress. The HTC continues to be one of the most powerful tools in the developer's toolbox, allowing us to transform and revitalize cities and towns across the country. Weakening or eliminating the HTC would endanger the economic viability of the vast majority of commercial historic rehabilitation projects in North Carolina and across the nation. This credit is the federal government's largest contribution to historic preservation but property reuse is market driven. Further, without a strong HTC program, our smaller cities and towns will continue to fall further and further behind economically from our major cities. Congress should expand the credit to help address the most difficult projects in our communities. The HTC is essential to financing these challenging but worthwhile buildings. Without it, most of these buildings would otherwise sit vacant, decreasing property values around them and risk turning into public safety hazards that many communities have no financial means to deal with.

Since Congressional enactment in 1981, the Historic Tax Credit has leveraged \$117 billion in private historic rehabilitation investment, created over 2.4 million jobs and rehabilitated more than 40,000 historic buildings across the country. North Carolina is a leading user of the HTC with 519 projects completed, resulting in over \$1.1 billion in development since 2001.

We have recently completed a two phase project in Wilson, NC that brought two long vacant blighted buildings back into service at drastically increased property tax revenues. There are now 18 market rate apartment units in these two buildings that are 100% occupied. The City of Wilson was in full support of the project throughout the redevelopment process and is already working with us on developing a 3rd transformative project in downtown Wilson.

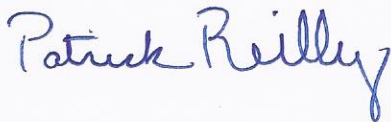
We are also about halfway through our construction cycle on the old Heilig-Meyers building in downtown Concord, NC. This building had sat vacant in the possession of the City of Concord for several years. After explain the economics of the situation and working with the City of Concord to obtain the building at no cost to ourselves, as well as agreeing to a performance based grant from the City of Concord, we are now rehabbing this incredible old building into 26 market rate apartments that will include first class amenities as well as indoor parking. Neighborhood excitement and support has been incredible and pre-leasing has already begun. Neither of these projects would have been bankable without federal HTC's.

Over the credit's 34 years, the federal government has allocated just over \$24 billion in tax credits, but collected more than \$28 billion in federal taxes resulting from rehabilitation projects—more than paying for the program. From new retail centers to affordable housing and from “start-up” company office space to restaurants, the HTC transforms dilapidated and vacant warehouse, apartments, hotels and mills into useful commercial and community assets.

Efforts are now underway in Congress to protect and improve the HTC. The Creating American Prosperity through Preservation Act (S. 1114), also known as the CAPP Act, introduced by Senator and Cardin and Senator Collins in the 113th Congress, would provide for a more effective HTC by targeting more investment to smaller Main Street-scale properties. These smaller scale projects are often times most needed in our smaller towns and cities where the economics are even more challenging. The CAPP Act would strengthen the state historic tax credits in 34 states and make it easier for nonprofits to sponsor projects that have high community impact. This bill will soon be reintroduced in the 114th Congress.

I hope the Senate Finance Committee's Community Development and Infrastructure Working Group will take into consideration the national and statewide impact of the HTC as they make recommendations on tax reform.

Sincerely,



Patrick Reilly
President, Rehab Development

CC:
Sen. Richard Burr
Sen. Thom Tillis