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*Preserving America's Heritage*

January 30, 2017

The Honorable Kevin P. Brady  
Chairman  
Committee on Ways and Means  
U.S. House of Representatives  
Longworth House Office Building, 1102  
Washington, DC 20515

The Honorable Richard E. Neal  
Ranking Member  
Committee on Ways and Means  
U.S. House of Representatives  
Longworth House Office Building, 1102  
Washington, DC 20515

REF: Federal Historic Rehabilitation Tax Credit

Dear Chairman Brady and Ranking Member Neal:

Since Congress plans to advance tax reform in this session, I would like to take this opportunity to commend to you an important tax incentive 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 20 percent credit supports projects that rehabilitate income-producing historic buildings – commercial and industrial buildings, hotels, apartment buildings, residential rentals, etc. – 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 the independent federal agency charged with advising the President and Congress on matters relating to historic preservation, including the impact of tax policies upon historic preservation. The ACHP consistently has 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 “Better Way for Tax Reform” blueprint released last summer recommends eliminating most special-interest deductions and credits that are designed to encourage particular business activity. The historic tax credit is different, however, in that it does not support a specific industry or locality. Rather, it encourages renovation of underutilized commercial properties for a variety of uses in communities throughout the country. The incentive it offers is often essential to the financing for rehabilitation projects that are helping revitalize urban cores and small town Main Streets.

Since the inception of the historic tax credit in 1976, more than 41,000 tax credit projects have been approved in all 50 states, the District of Columbia, the Virgin Islands, and Puerto Rico. These projects have generated \$78.3 billion dollars in rehabilitation investment, created 2.36 million jobs, rehabilitated almost 265,000 housing units, created more than 263,000 new housing units, and developed 146,000 low and moderate income housing units.<sup>1</sup> For local communities, this translates into enhanced property values, more affordable rental housing, removal of blighted conditions, and sustainable reuse of resources.

ADVISORY COUNCIL ON HISTORIC PRESERVATION

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It is also important to note that the federal historic rehabilitation tax credit pays for itself. The \$23.1 billion cumulative cost of the program has been more than offset by the \$28.1 billion in federal tax receipts generated by the rehabilitation projects receiving the credit.<sup>2</sup>

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 essential private sector investment in our nation's cities and towns, and not a tax break merely benefitting a special interest.

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

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<sup>1,2</sup> National Park Service, *Federal Tax Incentives for Rehabilitating Historic Buildings: Statistical Report and Analysis for Fiscal Year 2015* (March 2016); Rutgers University and the National Park Service, *Annual Report on the Economic Impact of the Federal Historic Tax Credit for FY 2015* (August 2016).