

## Media Release      January 8, 2014

Ten Alabama rehabilitation projects have qualified for rehabilitation tax credit reservations under a new law passed last spring. Private investors plan to spend \$87.4 million returning 14 historic buildings to productive new uses. The work will generate 2305 high-wage jobs and add \$70 million in new salary and wage income benefitting state and local economies over the next three years.

The **Alabama Historic Rehabilitation Tax Credit** kicked off last October with 21 applications for rehabilitation tax credits. Private investors requested \$37 million in Alabama income tax credit reservations. The law caps the total credits that may be reserved at \$20 million each fiscal year and allows owners to claim tax credits for 25% of eligible costs.

Of the 21 applications received on October 1, 12 were complete and eligible for the credit. However, the credits requested exceeded the \$20 million cap. To date, 10 projects have qualified for the 2014 credits and 10 eligible projects are on a waiting list. Many of the wait-listed projects plan to start work in 2014, anticipating receiving credits that will come available in the next fiscal year, October 1, 2014.

The law allocates credits on a first-come, first-served basis. Since most projects arrived on the first day of eligibility, October 1, 2013, a lottery drawing determined the order for receiving a tax credit reservation. Only complete applications qualified for the priority list. Applicants receiving a FY2014 reservation have until January 6, 2014, to pay the application fee in order to retain their priority ranking.

Several projects too low on the lottery list to receive a full credit allocation have deferred their projects until 2015, when they could receive credits in the full amount requested.

AHC member Elizabeth Sanders, who advocated for the legislation with a consortium of development leaders, said removing the \$20 million dollar limit would solve many of the problems. "The historic preservation tax credit really is a smart economic development tool. The more dollars invested in returning old buildings to new uses, the more communities and the state benefit financially," Sanders said. "These renovated buildings will serve as economic engines for a quarter century or more," she added.

For more information see attachments or contact program coordinator [Jennifer.Bailey@preserveala.org](mailto:Jennifer.Bailey@preserveala.org).

\*Real estate economist Donovan Rypkema projects spending \$1 million on rehabilitating historic buildings in Alabama creates 26.5 jobs and generates \$806,000 in new salaries and wages. Rehabilitation work requires high-skill, high-wage jobs and much of the labor is usually local. The expense budget for renovation projects is generally comprised of 15-20% more in labor costs than new construction. With the latter, a greater percentage of the development costs are spent on materials and materials frequently come from out of state.

*The Alabama Historical Commission **protects, preserves, and interprets Alabama's historic places** and is the State Historic Preservation Office.*

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