

Hon. Aimee K. Jorjani
Chairman

Leonard A. Forsman
Vice Chairman

John M. Fowler
Executive Director



Preserving America's Heritage

August 1, 2019

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

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

Dear Mr. Neal and Mr. Brady:

The Advisory Council on Historic Preservation (ACHP) would like to express its support for the Historic Tax Credit Growth and Opportunity Act (H.R. 2825). Established by the National Historic Preservation Act of 1966, the ACHP is the independent federal agency charged with advising the President and Congress on matters relating to historic preservation. The ACHP members voted at their July 10 business meeting (with federal agency members abstaining) to support this legislation.

The existing Historic Tax Credit (HTC) is one of the most important federal incentives for the preservation of historic buildings. As you know, this 20 percent credit supports projects that rehabilitate income-producing historic buildings—commercial and industrial buildings, hotels, apartment buildings, residential rental properties, and other key contributors to our economy and our communities—while ensuring that their historic character is preserved. It has, since its inception in 1976, resulted in the rehabilitation of 44,341 historic properties through private investment of \$96.87 billion. Results include 285,264 rehabilitated housing units, 302,460 new housing units, 166,210 low- and moderate-income housing units, and the creation of an estimated 2.54 million total jobs.

Despite this success, however, aspects of the HTC constrain its application in some situations where it can be most needed. The Historic Tax Credit Growth and Opportunity Act would amend the credit to help address these issues. The bill would make it easier to complete small deals (defined as qualified rehabilitation expenses of \$2.5 million or less) by increasing the credit from 20% to 30% for these projects and would allow the credit to be transferred outside the development partnership for small deals. The bill also would make the HTC easier to use by non-profit organizations, which often use the credit to create new community assets that become catalysts for increased investment in economically distressed areas. The proposed changes to the HTC also would encourage its use, by lowering the substantial rehabilitation threshold (making more buildings eligible for the credit) and eliminating the requirement that the amount of the HTC must be deducted from a building's basis when ownership of the property changes.

These proposed changes would make an important tax credit even more effective and further incentivize the preservation of historic buildings throughout America. This could have a particularly positive effect in disinvested areas since, according to the National Park Service, 50% of HTC projects occurred in low- and moderate-income census tracts and 79% in economically distressed areas in FY 2017.

ADVISORY COUNCIL ON HISTORIC PRESERVATION

401 F Street NW, Suite 308 • Washington, DC 20001-2637
Phone: 202-517-0200 • Fax: 202-517-6381 • achp@achp.gov • www.achp.gov

Please feel free to contact us if the ACHP can answer any questions regarding our support for this bill or if the ACHP can be of any further assistance. Our executive director, John Fowler, may be reached at (202) 517-0200.

Sincerely,

A handwritten signature in blue ink that reads "Aimee Jorjani". The signature is written in a cursive style with a large initial 'A'.

Aimee Jorjani
Chairman