

Hon. Sara C. Bronin
Chair

Jordan E. Tannenbaum
Vice Chairman

Reid J. Nelson
Executive Director



December 18, 2024

The Honorable Ron Wyden, Chairman
Committee on Finance
United States Senate, SD-219
Washington, DC 20510

The Honorable Mike Crapo, Ranking Member
Committee on Finance
United States Senate, SD-219
Washington, DC 20510

The Honorable Jason T. Smith, Chairman
Committee on Ways and Means
U.S. House of Representatives, LHOB-1102
Washington, DC 20515

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

Dear Chairman Wyden, Chairman Smith, Ranking Member Crapo, and Ranking Member Neal:

With the expiration of key provisions from the Tax Cuts and Jobs Act at the end of 2025 setting the stage for significant tax reform in the 119th Congress, the Advisory Council on Historic Preservation (ACHP) would like to take this opportunity to provide comments on several pending tax-related bills that would encourage rehabilitation of existing buildings—particularly historic buildings – and to urge inclusion of such incentives in tax legislation developed next year. The ACHP is the independent federal agency that is charged with advising the President and Congress on historic preservation matters and with overseeing review of federal projects under Section 106 of the National Historic Preservation Act.

The ACHP:

- **supports the:**
 - **Historic Tax Credit and Growth Opportunity Act (HTC-GO) Act (S. 639/H.R. 1785);**
 - **School Infrastructure Modernization Act (S. 1523);**
 - **Rehabilitation of Historic Schools Act (H.R. 3181); and**
 - **Revitalizing Downtowns and Main Streets Act (S. 4693/H.R. 9002);**
- **recommends the passage of these bills or inclusion of their provisions in future tax reform legislation; and**
- **urges that future tax reform legislation maintain or expand incentives for the reuse of existing buildings, particularly in response to community development issues such as housing and climate resiliency.**

In August 2023, the ACHP [wrote to you](#) in support of the HTC-GO Act, which would increase the existing Historic Tax Credit (HTC) for the rehabilitation of income-producing historic buildings from 20 percent to 30 percent for smaller projects; lower the substantial rehabilitation threshold, making more buildings eligible to use the HTC; make the HTC easier to use by nonprofit organizations; and eliminate the requirement that the value of the HTC must be deducted from a building's basis, thus increasing the value of the credit and making it easier to pair with the federal Low Income Housing Tax Credit. These changes would further encourage use of this important credit as communities confront key issues of development and sustainability, including the housing shortage and climate adaptation needs.

ADVISORY COUNCIL ON HISTORIC PRESERVATION

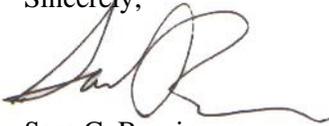
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The ACHP reiterates its support for the HTC-GO Act and recommends consideration of other potential enhancements for the HTC, such as that proposed by the School Infrastructure Modernization Act and the Rehabilitation of Historic Schools Act. These bills would make historic school buildings that continue to operate as schools eligible for the HTC. Currently, a building rehabilitation must be for a different purpose than that for which the building was previously used in order to qualify for the credit. These bills would waive this “prior use” rule for historic schools, thus helping local school districts finance rehabilitation of their historic school properties.

In addition to enhancing the HTC, the ACHP urges that any new credits or other tax incentives developed in response to community development issues address rehabilitation of existing buildings, not just new construction. A good example of the possibilities of this approach is the new tax credit proposed by the Revitalizing Downtowns and Main Streets Act. The bill would create a new temporary 20 percent tax incentive to convert older commercial properties into affordable housing. The bill would help unlock the power of building rehabilitation to address the parallel problems of an ongoing affordable housing crisis and commercial and office space sitting vacant or underutilized in downtowns, suburbs, and small towns across the country. The bill acknowledges the important role reuse of historic buildings can play, providing for the new credit to increase from 20 percent to 35 percent on the first \$2 million in expenditures when the conversion is part of a historic preservation project located in a rural area. As noted above, the ACHP voted to endorse this bill at its most recent business meeting.

Please feel free to contact the ACHP to discuss these issues as consideration of tax reform proceeds. Your staff may wish to follow up with ACHP Executive Director Reid Nelson at rnelson@achp.gov. Thank you.

Sincerely,



Sara C. Bronin
Chair

Cc: Joint Committee on Taxation