



BOSTON
PRESERVATION
ALLIANCE

March 14, 2017

Senator Edward Markey

Senator Elizabeth Warren

Representative Michael Capuano

Representative Katherine Clark

Representative William Keating

Representative Joseph Kennedy

Representative Stephen Lynch

Representative James McGovern

Representative Seth Moulton

Representative Richard Neal

Representative Niki Tsongas

RE: Tax Reform and Implications for Historic Tax Credits

Dear Honorable Senators and Congressmen of Massachusetts,

We appreciate the work that our entire Congressional delegation has undertaken with a newly elected administration and new Congress, and we understand that a top priority of the President and Speaker of the House Paul Ryan is comprehensive tax reform. We know there is a lot of work ahead for both the House of Representatives and the Senate as review of our nation's tax law is undertaken and legislation is considered. At this important time, we want to draw your attention to the positive economic and social benefits the **federal Historic Tax Credit (HTC)** provides to communities here in Massachusetts.

We are asking you to be outspoken in **your support for the inclusion of the HTC in any tax reform legislation**, as well as **signing on to support the Historic Tax Credit Improvement Act, (HR 1158, & S-425)** which would make the HTC even more attractive to smaller projects and lower barriers to using the credit. Given the documented economic benefits of the HTC, tax reform legislation that aims to grow our national economy should enhance the federal HTC, not diminish or eliminate it. It has a proven track record of success, it returns more money than it costs to state and federal government, it transforms underutilized buildings and challenged neighborhoods, and catalyzes private investment that positively impacts communities. The loss of the HTC would be devastating to Massachusetts and the country.

- The **HTC is the most significant federal investment in historic preservation**. Since its inception, the program has **leveraged nationally over \$120 billion in private investment**, revitalizing often abandoned and underperforming properties. In **Massachusetts**, since 2002, the HTC has been utilized in **over 400 projects with a total development cost of \$3.8 billion***.
- The **HTC benefits local communities**, often **mid-sized cities, smaller communities** and more economically challenged neighborhoods where financing of rehabilitation projects are impossible without the credit. Redevelopment is simply not financially viable in many markets when the HTC isn't in the equation. When the financing numbers do not work, the buildings sit vacant and neglected, often for long periods of time, negatively affecting the surrounding community. A piece of neighborhood heritage that is an opportunity with the credit become a community liability without it.
- The HTC **leverages private dollars and creates jobs**. From 2002 to 2015, **26,515 jobs were created with the HTC in Massachusetts** with 14,681 being permanent jobs. As an economic activity, it **outperforms new construction** with job creation. (On average 60% of HTC costs are labor, as opposed to 40% with new construction.) Nationally, the HTC has created more than 2.3 million jobs.
- The HTC also has a **positive benefit on local, state and federal taxes**, with Massachusetts **generating \$465,807,000 in taxes from HTC projects from 2002-2015**. Rehabilitating a building often means materials and labor are more likely to be locally sourced, resulting in approximate **75% of economic benefits remaining in the community where the building is located**.
- The **HTC returns more money to the Treasury than it costs**. For every dollar invested, **\$1.25 is received back**, and per a National Park commissioned study, since the HTC's inception, the \$23.1 billion allocated in federal tax credits has generated more than \$28.1 billion in federal tax revenue from historic rehabilitation projects.
- In Massachusetts, we also have a **State Historic Tax Credit**, in place since 2004. The combination of the state and federal credit together have resulted in a tremendous surge in the number of restoration and revitalization projects occurring in your districts across Massachusetts. They have restored important historic structures to be affordable and market rate **housing, community centers, performing arts spaces, office and retail space, health centers and more**. Their successful completion triggers a catalytic ripple effect, that results in additional investment and revitalization within that community. **These projects would not have happened if it were not for historic credits.**

(*HTC Economic Impact by state, 2002 - 2015 published by the National Trust for Historic Preservation)

As Congress charts our nation's economic path forward, we **ask that you play an active role to protect and enhance this critical federal program** that uses our nation's past to meet the needs of today's economy toward a better future.

Sincerely,

Preservation Massachusetts, Inc.
Boston Preservation Alliance