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Housing Bill Enhances Availability of Historic Rehabilitation Tax Credit, Largest Federal Preservation Incentive

Tax Credit is a Powerful Tool in Providing Housing and Community Revitalization – Has Generated \$45 Billion in Renovation in more than 34,000 Projects

Washington, DC (July 26, 2008) – The housing bill today passed by Congress, intended to give some relief to distressed borrowers and stabilize the mortgage markets, includes significant improvements to the historic rehabilitation tax credit – the single largest federal preservation incentive. The rehabilitation tax credit provides building owners with financial incentives to rehabilitate historic structures, a powerful tool for providing housing and community revitalization, particularly in areas with historic structures and higher levels of poverty. Last year the rehabilitation tax credit produced more than \$4 billion in private investment and created more than 40,000 new jobs. Since it was enacted in 1976, it has generated over \$45 billion in renovation and revitalization in more than 34,000 projects nationwide.

The changes in the rehabilitation tax credit, part of a five year effort by the National Trust for Historic Preservation and other preservation partners, has generated strong bipartisan Congressional support (120 cosponsors on both sides of the aisle), and will make the tax credit work better for creating housing in historic buildings and increase its effectiveness as a community revitalization tool. The changes enacted are based on the “Community Restoration and Revitalization Act” sponsored this Congress by Rep. Stephanie Tubbs Jones (D-OH), Rep. Phil English (R-PA), Sen. Blanche Lincoln (D-AR) and Sen. Gordon Smith (R-OR).

“There are more than 12,000 National Register historic districts nationwide and more than half overlap areas where poverty is higher than the national average,” said Richard Moe, President of the National Trust for Historic Preservation. “We need to strengthen historic preservation’s potential to provide sustainable housing and investment where it is needed the most. Every abandoned mill, dilapidated commercial building, and vacant industrial structure that uses the credit can become part of the solution in providing housing, attracting reinvestment, and stabilizing neighborhoods. Changes in the rehabilitation credit – the most significant since the credits were enacted in 1976 – are a very important step toward those goals. I am grateful to Reps. Jones and English, and Sens. Lincoln and Smith for recognizing the power the credit has in transforming our communities into vital, dynamic places.”

The rehabilitation tax credit has provided owners of historic buildings with a 20 percent income tax credit on the amount spent to rehabilitate an historic structure, and a 10 percent credit for older, non-

historic buildings (the ratio of private investment to federal tax credit is five-to-one). The Congressionally approved changes will enhance the rehabilitation credit by including:

1. An exemption from the alternative minimum tax for investors who buy historic tax credits. This should attract new corporate investors and increase interest in smaller historic properties currently underserved by the credit.
2. A requirement that all state housing finance agencies consider historic properties when allocating affordable housing credits. Currently only a handful of states do so.
3. An increase in the percentage of leasable space developers can rent to nonprofit groups, many of whom provide valuable social services in their neighborhoods, in buildings redeveloped by the rehabilitation credit.

“This legislation simplifies the Federal Historic Rehabilitation Tax Credit,” Representative Stephanie Tubbs Jones said, “making it easier to utilize the credit for revitalizing our nation’s older neighborhoods, harnessing greater housing potential in underutilized historic and older buildings, and focusing more private sector investment in smaller, ‘main street’ oriented commercial structures.”

“Throughout Pennsylvania and the rest of the nation, many of our local neighborhoods are tainted by abandoned and decaying historic buildings and homes,” said Representative English, a senior member of the House Ways and Means Committee. “These provisions will go a long way to helping revitalize main streets across the country, helping to bring investment back into our communities.”

“The rehabilitation credit has been one of the nation’s most effective tools to encourage private sector investment in both urban and rural revitalization, generate jobs, enhance property values, create affordable housing, and augment federal, state, and local governmental revenues,” Senator Lincoln said. “By providing greater access to the tax credit, we will be able to encourage even more revitalization projects and focus on lower-income communities.”

The National Trust for Historic Preservation is a non-profit membership organization bringing people together to protect, enhance and enjoy the places that matter to them. By saving the places where great moments from history – and the important moments of everyday life – took place, the National Trust for Historic Preservation helps revitalize neighborhoods and communities, spark economic development and promote environmental sustainability. With headquarters in Washington, DC, 9 regional and field offices, 29 historic sites, and partner organizations in all 50 states, the National Trust for Historic Preservation provides leadership, education, advocacy and resources to a national network of people, organizations and local communities committed to saving places, connecting us to our history and collectively shaping the future of America’s stories. For more information visit www.PreservationNation.org.

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