



Key Points

- *The current historic rehabilitation tax credits need to be expanded to encourage smaller commercial projects where community revitalization and affordable housing are pressing needs.*
- *Using U.S. census data, over half of the nation's 12,500 historic districts (representing ~ 1 million contributing structures) overlap census tracts with a poverty rate that exceeds 20 percent.*
- *H.R. 1043/S. 584 not only encourages more affordable housing but also promotes historic preservation and community revitalization.*

PROMOTING HEALTHY AND SAFE COMMUNITIES

Revitalize America's Historic Neighborhoods

AIA Position

The American Institute of Architects (AIA) has long championed existing federal tax credits that foster the rehabilitation of historic buildings. This credit provision is now 20 years old and requires updating to improve its effectiveness. There is also a need to focus application of the credits on smaller commercial projects in older neighborhoods where community revitalization is imperative and affordable housing is a pressing need.

Action Sought

The AIA urges Congress to support legislation that would make the needed modifications to the Historic Rehabilitation Tax Credit.

Explanation and Justification

During the first session of the 110th Congress, Representatives Stephanie Tubbs-Jones (D-OH) and Phil English (R-PA) introduced H.R. 1043, legislation that would enhance the ability to use the Historic Rehabilitation Tax Credit, especially in conjunction with the low-income tax credit. If adopted, the bill would change current law to provide greater incentives for the private sector investment in the restoration of older properties to meet the growing demands for housing—particularly affordable housing.

The changes would also improve the economic climate in surrounding communities because over half of the nation's 12,500 historic districts (representing ~ 1 million contributing structures) overlap census tracts with poverty rates that exceed 20 percent. Across the United States there are also numerous abandoned structures that were not originally designed for housing purposes, such as warehouses, factories, and mills, that can now be remodeled for housing and commercial revitalization.

This legislation would also increase the value of the credit for difficult to develop areas, expand the credit to make it available for residential rental housing, and simplify the use of the credit by nonprofit organizations.

The same legislation has been introduced in the U.S. Senate as S. 584 by Senators Blanche Lincoln (D-AR) and Gordon Smith (R-OR).

What America Thinks: Between January 14-17, 2008, two respected national pollsters—The Tarrance Group, a Republican firm, and Lake Snell and Perry, a Democratic firm—indicated that affordable housing and historic preservation are salient issues among the national electorate.

The survey found that an overwhelming number of voters polled (75 percent) feel that the loss of historic buildings and neighborhoods is an “important issue” that federal, state, and local governments must address. Sixty four percent of voters polled said they agreed with the statement that “historic buildings should be preserved even if it means giving their owners additional tax breaks.”

The survey found that affordable housing is an important issue with a large chunk of the American voting population. A sizable 26 percent of the voters polled rated the importance of “increasing the availability of affordable housing” a 10—the highest possible rating—on a 0–10 scale of importance. It should also be noted that a solid majority of the electorate polled, 69 percent, rated the issue at least a six on the scale of importance.

Based on this survey, it is apparent that a sizable portion of the electorate nationwide sees both affordable housing and historic preservation as priorities of importance and that a majority of voters are in some level of agreement about the need to address them.

This legislation, by addressing both affordable housing and historic preservation needs, is clearly consistent with the national pulse.