

Community Restoration and Revitalization Act H.R. 659

Historic Preservation Creates Housing and Revitalizes Communities

Status:

The Community Restoration and Revitalization Act was first introduced at the end of the 108th Congress by Representatives Rob Portman (R-OH) and William Jefferson (D-LA) and it was just reintroduced on February 8th with seven original cosponsors. It would amend the existing Historic Rehabilitation Tax Credit to deepen its utility for community revitalization, expand its application to smaller "main street" type projects, and lead to developing more housing in historic buildings – particularly affordable housing.

Background:

There is a strong link between historic preservation, community revitalization, and housing. Abandoned and underutilized historic buildings are often located in some of the nation's most disinvested communities. In these cases, there is a great need for incentives to create market-rate housing that stabilizes distressed neighborhoods and to encourage the development of housing – especially affordable housing – in certain urban and rural areas. Additionally, nonresidential historic structures that no longer serve their intended purposes, such as warehouses, factories, mills, schools, and department stores can be adapted into places to live. The Community Restoration and Revitalization Act would enhance the Federal Historic Rehabilitation Tax Credit's applicability to housing and community revitalization

Summary of Amendments:

- Basis Reduction – Eliminating or lessening the rule that lowers tax benefits dollar-for-dollar according to the amount of credit taken when using the historic rehab credit.
- Greater Subsidy in Distressed Areas – Deepening the historic rehab credit in the most difficult to develop and disinvested areas.
- Making the 10 Percent Credit Available for Housing – Opening up the inventory of "older buildings" for housing – the ten percent component of the historic rehab credit currently prohibits its use for "dwellings." This proposal also includes changing the definition of "older building" from "built before 1936" to any property "fifty years old or older."
- More Workability for Small Deals – Enriching the historic rehab credit to 40 percent in projects that are \$2 million or less to target those "main street" type developments in which rehab credit costs are currently too prohibitive.
- More Favorable Tax Exempt Use Rules – Easing the rules governing non-profit deals so that more community-oriented projects move forward.