

The Creating American Prosperity Through Preservation (CAPP) Act

In its thirty-two year history, the federal historic tax credit (HTC) has helped create 2 million jobs, save 37,000 vacant or underutilized buildings and attract \$90 billion in private investment. By adapting warehouses, schools, factories and other historic resources to meet modern needs for housing, arts space, offices, and community centers, the HTC creates skilled jobs, revitalizes communities and fuels local economies.

The Creating American Prosperity through Preservation (CAPP) Act positions the credit to be an even greater job creation and economic development engine. The CAPP Act makes the 20 percent historic tax credit easier to use and more accessible to nonprofit sponsors working on community-based projects and small business owners on “Main Street,” and promotes energy-efficiency.

The CAPP Act:

- **Drives development and job creation to rural and smaller “Main Street” communities.** Smaller-scale building rehabilitation projects are typically overlooked because of the high transaction costs relative to the amount of the tax credit. By increasing the amount of the credit from 20 percent to 30 percent for smaller deals (projects that have qualifying rehabilitation expenditures of \$5 million or less), CAPP provisions will ensure that rural and smaller communities will benefit to a much larger extent from this powerful economic development tool.
- **Promotes energy-efficiency and cost-savings** by encouraging historic developers’ use of energy-efficient technology—on top of the already “green” act of recycling an existing building in an existing community. CAPP would increase the amount of the credit by 2 percentage points for every project that increases the building’s energy efficiency by 30 percent.
- **Enhances the impact of the historic tax credit in low-income and difficult-to-develop-areas.** Nonprofit organizations typically undertake the most difficult projects in communities with the greatest need. But the historic tax credit’s tax-exempt leasing rules make it difficult for nonprofits to access the historic tax credit. CAPP would

eliminate barriers to nonprofits' access to the credit, helping their high-impact projects to move forward.

- **Creates new opportunities by expanding the number of older buildings eligible for rehabilitation.** The 10 percent rehabilitation credit is currently only available to buildings built before 1936. The CAPP Act will change the required building age to "fifty years or older," therefore expanding the credit's usefulness and the potential for comprehensive economic development that includes post-World War II communities.
- **Improves the efficiency of state historic tax credits.** Thirty states have enacted state historic tax credits, which when combined with the federal credit, have a powerful economic impact. However, current federal taxation of state tax credits severely diminishes their value to a historic rehabilitation project. CAPP would eliminate federal taxation of the state credits, providing more dollars to the project.

For more information about how to ensure passage of the CAPP Act, please visit www.preservationnation.org/taxcredits.



CASE STUDY

American Brewery—Baltimore, MD

Developer: Humanim, Inc.

Total Development Cost: \$24 million

Key Financing: \$3.8 million federal historic tax credit equity

Impact:

- 157 construction jobs and 175 permanent jobs—40 of which were filled by neighborhood residents.
- Conversion of a vacant 1880s brewhouse into nonprofit program and office space to serve the disabled and disadvantaged.



SNAPSHOT

Saving Places in Maryland

National Register of Historic Places

- 1,496 NR Sites
- 213 NR Historic Districts
- 71 National Historic Landmarks

National Historic Landmarks

- Clara Barton House
- Rachel Carson House
- USS Constellation
- Maryland Statehouse
- Mount Vernon Place Historic District
- William Paca House
- United States Naval Academy

National Parks

- Antietam National Battlefield
- Appalachian National Scenic Trail
- Assateague Island National Seashore
- Chesapeake Bay Gateways Network
- C&O Canal National Historical Park
- Catoctin Mountain Park
- Monocacy National Battlefield

National Heritage Areas

- Baltimore National Heritage Area
- Journey Through Hallowed Ground

State and Local Partners

- Baltimore Heritage, Inc.
- Preservation Maryland
- Main Street Maryland

Historic Preservation Fund

Established by Congress in 1976, the Historic Preservation Fund (HPF) is authorized at \$150 million annually with revenues from Outer Continental Shelf off-shore oil and gas leases. HPF funding is distributed by formula to state historic preservation offices (SHPOs) and tribal historic preservation offices (THPOs). Their duties include:

- Administering the federal historic tax credit program
- Reviewing National Register of Historic Places nominations (a precondition for federal tax credits)
- Conducting Section 106 reviews

SHPOs must match HPF formula funds. The HPF has also funded competitive grants for on-the-ground preservation projects through such programs as Save America's Treasures. To date, Maryland has received \$35 million in HPF grants and an allocation of \$790,739 in FY10.

Transportation Enhancements

From FY92 through FY10, the Transportation Enhancements (TE) program provided funding for 265 surface transportation-related projects in Maryland totaling \$185 million. The Western Maryland Railway Lift Bridge in Williamsport, built in 1923, received a TE award of \$1.1 million in 2010 to help return it to operational condition. The project will enable the historic bridge to allow the passage of canal boats on the C&O Canal. It is the only asymmetrical lift bridge still in existence in Maryland.

NATIONAL TRUST FOR HISTORIC PRESERVATION®

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HISTORIC PRESERVATION IN

Maryland

What does Historic Preservation do for Maryland?

CREATES JOBS

Historic rehabilitation creates more and better-paying jobs than new construction.

BOOSTS LOCAL ECONOMIES

Over 75% of the economic benefits of historic rehabilitation remain in the local economy as labor and materials tend to be sourced locally.

SUPPORTS SMALL BUSINESS

Older buildings make ideal locations for small, independent businesses that give neighborhoods character and market advantage.

ATTRACTS HERITAGE TOURISM

Places with historic character attract travelers who typically stay longer and spend more per trip compared to all U.S. travelers.

FUELS MAIN STREET REVITALIZATION

Since 1998 the National Trust's Main Street Approach has spurred 1,300 new businesses and created nearly 5,600 jobs in Maryland communities.

HISTORIC PRESERVATION PROVIDES A MULTITUDE OF IMPORTANT BENEFITS TO MARYLAND. Jobs, state and local taxes, and leveraged private investment are just a few of the economic benefits that flow from the adaptive use of largely vacant and under-utilized historic resources. Redeveloped buildings possess a distinctive identity in the marketplace and help to revitalize communities by creating unique places that draw creative citizens, attract heritage travelers and foster small businesses. Federal investments in historic preservation that flow to Maryland include:

- Historic Tax Credits (HTC)
- Historic Preservation Fund (HPF)
- Transportation Enhancements (TE)

Historic Tax Credits

Since 1978, federal historic tax credits have rehabilitated more than 37,000 buildings, created two million jobs and leveraged \$90 billion in private investment nationwide—achieving a leverage ratio of \$5 in investment for every \$1 of tax credit. Since 2001, \$228 million in federal tax credits have catalyzed 352 projects in Maryland alone, totaling \$1.1 billion in qualifying rehabilitation expenditures. In Maryland in FY10, \$30 million in federal historic tax credits helped finance 14 projects totaling \$339 million (a leverage ratio of 11.4 to 1) in estimated development costs to generate:

- 5,228 jobs
- \$320 million in gross state product
- \$21 million in state and local taxes
- \$54 million in federal taxes—more than offsetting the cost of the federal tax credits in Maryland

Recent projects, all of which utilized Maryland's state HTC, include the mixed-use redevelopment of the National Park Seminary in Silver Spring, the rehabilitation of Baltimore's iconic Bromo Seltzer Tower into community art space, and the conversion of a historic cotton mill into loft apartments in Ellicott City.

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Statement



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National Trust for Historic Preservation Launches National Legislative Campaign to Create Jobs, Save Historic Buildings and Revitalize Communities

Statement by Stephanie Meeks, president of the National Trust for Historic Preservation

Washington, DC (February 6, 2012) - The National Trust for Historic Preservation has launched a national legislative campaign to save and improve the federal historic tax credit (HTC). In addition, today Sen. Ben Cardin (D-MD) will introduce bipartisan legislation, the "Creating American Prosperity through Preservation" (CAPP) Act that would enhance the HTC and make it easier for Americans to use. Sen. Olympia Snowe (R-ME) is co-sponsoring the legislation with Sen. Cardin. The following is a statement by Stephanie Meeks, president of the National Trust for Historic Preservation:

"The National Trust for Historic Preservation strongly supports saving and enhancing the federal historic tax credit. This is one of the most important full-scale legislative campaigns in National Trust's 63-year history. We are committed to this issue because the HTC is, without a doubt, the United States' most significant federal financial commitment to historic preservation. To put it simply, it is just too important a job creating and community revitalizing tool to lose. With the legislative changes proposed by the CAPP Act, the HTC will be even more effective in keeping America's historic communities vibrant for generations to come."

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BACKGROUND ON THE FEDERAL HISTORIC TAX CREDIT

In its 32-year history, the federal historic tax credit (HTC) has helped create **2 million jobs**, save **37,000 vacant or underutilized buildings** and attract **\$90 billion** in private investment. By adapting warehouses, schools, churches and other historic resources to meet modern needs for housing, arts space, offices and community centers, the HTC creates skilled jobs, revitalizes communities and fuels local economies.

BACKGROUND ON THE CREATING AMERICAN PROSPERITY THROUGH PRESERVATION (CAPP) ACT

The **Creating American Prosperity through Preservation (CAPP) Act** positions the federal historic tax credit to be an even greater job creation and economic development engine. The CAPP Act will make the historic tax credit easier to use and more accessible to strategic projects that create quality jobs, revitalize "Main Street," generate high-impact community benefits and promote energy efficiency.

About the National Trust for Historic Preservation

The National Trust for Historic Preservation, a privately funded nonprofit organization, works to save America's historic places to enrich our future. PreservationNation.org