



Redevelopment of the Folgers Coffee plant downtown would not have happened without historic tax credits. **RICH SUGG** - File photo

GUEST COMMENTARY

Killing historic tax credits would do the same to local and national redevelopment

BY ELIZABETH ROSIN

Special to The Star

NOVEMBER 15, 2017 08:30 PM

Have you noticed how Kansas City has changed over the past decade, how vibrant our urban core has become? It was a gradual process that happened one property at a time. Most of these buildings were transformed using the historic tax credit or HTC, a tool that helps developers leverage private investment when they rehabilitate a historic building.

The HTC is revitalizing vacant and underutilized buildings nationwide — not just in large urban centers like Kansas City, but in Main Street towns and smaller communities — creating engaging, authentic places.

Tax reform in Washington threatens to derail this progress. The House Ways and Means Committee tax plan eliminates the HTC. The Senate framework cuts the credit in half, effectively crippling its usefulness.

Some argue that lowering the tax rate for individuals and corporations will have the same effect as the current credit, putting money in the pockets of those who own and redevelop historic buildings. In my experience, the opposite is true. If development costs don't "pencil out," a project won't happen. If rehab is not economically viable, historic buildings will languish, at best, and often be lost forever.

Without HTCs, no one would be living in Roaster's Block, Power & Light Apartments or Commerce Tower. MAC Properties would not have transformed Armour Boulevard, and many of our beautiful old school buildings might be landfill instead of affordable housing like Bancroft and Seven Oaks, market-rate apartments like the rehabbed Swinney Elementary School or co-working and community space like Plexpod Westport Commons, formerly Westport Middle School.

The beauty of the HTC is that it can be used by the owners of smaller buildings as well as big city developers. Consider the rehab projects happening in Kansas towns such as Ottawa, Emporia, Abilene and Salina. Big project or small, every applicant has significant skin in the game. Each dollar of historic tax credit leverages five times that in private investment, all of which is spent before any tax credits are issued.

In 1981, President Ronald Reagan said, "Our [historic] tax credits have made the preservation of our older buildings not only a matter of respect for beauty and history, but of economic good sense." Since Reagan made the HTC a permanent part of the tax code in 1986, the success of the program has only grown.

A new Rutgers University study reveals staggering impacts. In just the five years between 2011 and 2016, the historic tax credit leveraged \$24 billion of private investment and created nearly 400,000 jobs. Missouri alone experienced \$2 billion of rehabilitation and over 32,000 jobs in this short period. Most significantly, historic tax credit projects on average returned \$1.20 to the U.S. Treasury for every dollar of credits issued.

As a side benefit, each HTC rehab spurs improvements to nearby properties, creating places that attract residents and visitors. I hear concerns that Kansas City has "run out" of historic buildings, but I beg to differ. Look at the West Bottoms, which is on the cusp of a revitalization that would stagnate without an incentive to help bridge the financing gap.

We know our representatives in Washington understand the value the HTC brings to the communities in their districts. Now, we ask them to step forward and protect the HTC for Kansas City, for Missouri and Kansas and for communities across the country. A program with a 40-year track record of revitalizing communities, creating jobs, supporting affordable housing and preserving our shared heritage, not to mention enhancing the U.S. Treasury, seems like one to keep.

Elizabeth Rosin is owner of Rosin Preservation, a historic preservation firm in Kansas City with a portfolio that includes Kemper Arena, the Oklahoma State Capitol and the Empire State Building.