

June 29, 2005

Carolyn C. Kilpatrick
1610 Longworth House Office Building
United States House of Representatives
Washington, D.C. 20515

Carolyn:

Cityscape Detroit is a non-profit group in Detroit that advocates for good urban planning, adaptive reuse of old buildings, green spaces, pedestrian friendliness, etc. For more than 20 years, the officers and members of Cityscape have been volunteering tirelessly to improve Detroit's "built environment." Please go to our Web site for more information.

There are two resolutions in the House of Representatives that would help Detroit and Michigan a lot.

HR 659 is a resolution that changes the law surrounding historic rehabilitation and low income tax credits. It was introduced by Rep. Portman, is currently in the House Ways and Means Committee, is named "The Community Reinvestment Act of 2005," and is apparently stalled.

As you know, for the last eight years, Detroit has experienced an investment and redevelopment boom like it has not seen since the 1940's. Hundreds of millions of dollars worth of housing projects have come on-line, and most of them would not have been possible without tax credits.

Tax credits are a tool that the Federal Government uses to get developers to redevelop old manufacturing sites ("brownfields"), build housing units for poor people, and fix up old, historic buildings. When a developer is raising the money to, say, convert a dirty, old, vacant building in a historic district into apartments, he can sell Historic District Preservation Tax Credits to investors. The investors provide, say, \$800,000 to the developer, and they get their tax bill reduced by \$1 million.

The market for housing, retail space, office space, etc. in Detroit is relatively small and weak, and these tax credits are absolutely crucial for covering the expenses of fixing up old buildings. Every rehab project you see - Merchant's Row, Lofts at Woodward Center, Kales building, Book/Cadillac, Lafayette Building, Eureka Building, Carola Building, etc. - uses them.

HR 659 modifies the tax code to expand the use of historic preservation tax credits. It will allow for up to a 40% credit instead of a 20% credit on smaller (less than \$2 million) redevelopment projects, makes "qualified rehabilitated buildings" (including residential projects) eligible instead of just "certified historic structures," makes buildings that were placed in service no less than 50 years ago eligible as opposed to buildings placed in service before 1936, and increases the credit allowance in certain high cost areas.

Similarly, Low Income Housing Tax Credits are absolutely crucial for the organizations in southwest Detroit that are taking vacant, old buildings and buying them, fixing them up, and turning them into low- and moderate-income housing. Recent changes in allocation policies administered by the State of Michigan have effectively reduced the availability of Low Income Housing Tax Credits to projects in Detroit by a third.

HR 2681, known as the "Affordable Housing Tax Credit Enhancement Act of 2005" proposes to increase the allocation of Low-Income Housing Tax Credits to states from the current \$1.75 per capita to \$3.70 per capita, effectively doubling the amount of credit available and consequently doubling the development of affordable housing in the City of Detroit.

Please support these resolutions and pass it them into law.

They will result in more vacant old buildings in Detroit and Michigan being fixed up into market-rate and low- and moderate-income housing; they will result in more investment in Detroit and Michigan; they will help rebuild Detroit; and they will make the city and Michigan into a great place.

On behalf of the board and members of Cityscape Detroit,

Andrew Koper

Cc:

Bart Stupak, U.S. Representative
Peter Hoekstra, U.S. Representative
Vern Ehlers, U.S. Representative
David Camp, U.S. Representative
James A. Barcia, U.S. Representative
Frederick S. Upton, U.S. Representative
Nick Smith, U.S. Representative
Dale E. Kildee, U.S. Representative
David E. Bonior, U.S. Representative
Joe Knollenberg, U.S. Representative
Sander M. Levin, U.S. Representative
Lynn Rivers, U.S. Representative
John Conyers Jr., U.S. Representative
John D. Dingell, U.S. Representative
Carl Levin, , U.S. Senator
Debbie Stabenow, U.S. Senator
Francis Grunow, Preservation Wayne
Tim Thorland, Southwest Detroit Non-Profit Housing Corporation
Sue Mosey, University Center Cultural Association
Kate Beebe, Greater Downtown Partnership
Linda Bade, Detroit Downtown, Inc.
George Jackson Jr., President, Detroit Economic Growth Corporation
Kwame Kilpatrick, Mayor, City of Detroit
Walter Watkins, Chief Development Officer, Planning and Development Department