



Legislation Text

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171175 SUBSTITUTE 1

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Substitute resolution expressing the City of Milwaukee's support for the Federal Historic and New Market Tax Credit programs and urging their continuation.

This resolution expresses the City of Milwaukee's support for the continuation of the Federal Historic and New Market Tax Credit programs and urges the President of the United States and the United States Congress to continue both programs at current levels. The Department of Administration - Intergovernmental Relations Division is directed to support efforts to preserve the Federal Historic and New Market Tax Credit programs.

Whereas, Following public reaction against the urban renewal and highway-building projects of the 1960's and early 1970's, many of which resulted in the wholesale destruction of historic neighborhoods, public and lawmaker interest in preserving historic properties was renewed; and

Whereas, The Federal Historic Tax Credit (HTC) program was established in its current form in 1978 to spur economic development and, through a 20% tax credit, to create a financial incentive for developers and property owners to rehabilitate income-producing historic properties rather than demolish such properties in favor of new, cheaper construction; and

Whereas, HTC-aided projects leverage four private dollars for every dollar of federal support, have a 99% success rate (much higher than the real estate market as a whole), and are catalytic, generating additional real estate investment in nearby properties that spurs an area-wide revitalization cycle; and

Whereas, Since 1978, the HTC program has generated \$132 billion in private investment involving nearly 43,000 projects, and has created 2.4 million jobs; and

Whereas, While the HTC program is a federal expenditure that has a public cost, when compared to the economic impacts generated by HTC-aided projects, including jobs, income, and federal, state and local tax revenue, the HTC program yields a net benefit to the United States Treasury and pays for itself; and

Whereas, Recognizing the importance of the HTC program as a successful federal economic development incentive, more than 30 states, including Wisconsin, have enacted complementary state historic tax credit programs to help revitalize the commercial downtowns of their cities, historic neighborhoods and "Main Street" communities; and

Whereas, In Wisconsin alone, between 2011 and 2016, HTC-aided projects spurred \$257.4 million in rehabilitation investment, generated 4,410 jobs, and had \$9 million and \$10.4 million in local and state tax impacts, respectively; and

Whereas, About half of HTC-aided projects include housing units from either existing housing or adaptive reuse of commercial space, and 28% of HTC-aided housing units are affordable to low- or moderate-income families, often through combining HTC with Low Income Housing Tax credits; and

Whereas, Local rehabilitation projects made possible through the HTC program include the \$20 million renovation of the 1882-1891 Pabst Brewhouse, the \$16.6 million conversion of the former Garfield Avenue Elementary School into apartments, the upcoming \$120 million redevelopment of the Warner Grand Theatre for the Milwaukee Symphony Orchestra, and the upcoming \$38 million conversion of the Milwaukee Soldiers Home into affordable housing for veterans and their families; and

Whereas, The New Markets Tax Credit (NMTC) program is a modest federal tax incentive that significantly increases the availability of private capital to small businesses and local entrepreneurs working in distressed communities; and

Whereas, Congress has proposed abolishing or significantly reducing the HTC and NMTC programs in the newest tax reform legislation; and

Whereas, Elimination of the HTC would have a chilling effect on private investment in the rehabilitation and reuse of historic properties in Milwaukee and could put unfinished and in-development projects at risk; and

Whereas, Loss of the HTC program could greatly impede efforts to renew Milwaukee's historic neighborhoods and make buildings in such neighborhoods more likely to be demolished than rehabilitated; and

Whereas, Loss of the NMTC program would disincentivize small business owners and local entrepreneurs from working and operating their businesses in Milwaukee's distressed neighborhoods; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the City of Milwaukee supports the continuation of the Federal Historic and New Markets Tax Credit programs; and, be it

Further Resolved, That the City of Milwaukee urges the President of the United States and the United States Congress to continue the Federal Historic and New Market Tax Credit programs at current levels; and, be it

Further Resolved, That the Department of Administration - Intergovernmental Relations Division is directed to support efforts to preserve the Federal Historic and New Market Tax Credit programs; and, be it

Further Resolved, That a certified copy of this resolution be sent to President Donald Trump, Senator Tammy Baldwin, Senator Ron Johnson, and Representatives Paul Ryan, Marc Pocan, Ron Kind, Gwen Moore, James Sensenbrenner, Glenn Grothman, Sean Duffy and Mike Gallagher.

Dana J. Zelazny
November 16, 2017